

ORIGINAL

**McFarland
Hospital/University
Medical Center**

CN1510-042

McFarland Hospital/University Medical Center

Certificate of Need Application

**Consolidation and Renovations on Two Hundred-Forty-Five
(245) Bed Campus**

October 2015



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building

500 Deaderick Street, 9th Floor Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

INSTRUCTIONS FOR FILING AN APPLICATION FOR A CERTIFICATE OF NEED

Please read the following instructions, the Rules and Regulations of the Agency, and Tennessee Code Annotated, §68-11-1601 *et seq.*, prior to preparation of this application.

DOCUMENTATION: In preparing this application, it is the applicant's responsibility to demonstrate through its answers that the project is necessary to provide needed health care in the area to be served, that it can be economically accomplished and maintained, and that it will contribute to the orderly development of adequate and effective health care facilities and/or services in this area. Consult Tennessee Code Annotated, §68-11-1601 *et seq.*, Health Services and Development Agency Rule 0720-4-.01, and the criteria and standards for certificate of need document Tennessee's Health: Guidelines for Growth, for the criteria for consideration for approval. Tennessee's Health: Guidelines for Growth is available from the Tennessee Health Services and Development Agency or from the Agency's website at www.tennessee.gov/HSDA. Picture of the Present is a document, which provides demographic, vital, and other statistics by county available from the Tennessee Department of Health, Bureau of Policy, Planning, and Assessment, Division of Health Statistics and can be accessed from the Department's website at www2.state.tn.us/health/statistics/HealthData/pubs title.htm.

Please note that all applications must be submitted in triplicate (1 original and 2 copies) on single-sided, unbound letter size (8 x 11 1/2) paper, and not be stapled nor have holes punched. Cover letter should also be in triplicate. If not in compliance as requested, application may be returned or reviewing process delayed until corrected pages are submitted.

REVIEW CYCLES: A review cycle is no more than sixty (60) days. The review cycle begins on the first day of each month.

COMMUNICATIONS: All documents for filing an application for Certificate of Need with the Health Services and Development Agency must be received during normal business hours (8:00a.m. - 4:30p.m. Central Time) at the Agency office, located at the Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243. For the purpose of filing Letters of Intent, application forms, and responses to supplemental information, the filing date is the actual date of receipt in the Agency office. These documents, as well as other required documents must be received as original, signed documents in the

Agency office. Fax and e-mail transmissions will not be considered to be properly filed documentation. In the event that the last appropriate filing date falls on a Saturday, Sunday, or legal holiday, such filing should occur on the preceding business day. All documents are to be filed with the Agency in *single-sided and in triplicate*.

LETTER OF INTENT: Applications shall be commenced by the filing of a Letter of Intent. The Letter of Intent must be filed with the Agency between the first day and the tenth day of the month prior to the beginning of the review cycle in which the application is to be considered. This allowable filing period is inclusive of both the first day and the tenth day of the month involved. The Letter of Intent must be filed in the form and format as set forth in the application packet.

Any Letter of Intent that fails to include all information requested in the Letter of Intent form, or is not timely filed, will be deemed void, and the applicant will be notified in writing. The Letter of Intent may be refiled but, if refiled, is subject to the same requirements as set out above.

PUBLICATION OF INTENT: Simultaneously with the filing of the Letter of Intent, the Publication of Intent should be published for one day in a newspaper of general circulation in the proposed service area of the project. The Publication of Intent must be in the form and format as set forth in the application packet. The Publication of Intent should be placed in the Legal Section in a space no smaller than four (4) column inches. Publication must occur between the first day and the tenth day of the month, inclusive.

1. A "newspaper of general circulation" means a publication regularly issued at least as frequently as once a week, having a second-class mailing privilege, includes a Legal Notice Section, being not fewer than four (4) pages, published continuously during the immediately preceding one-year period, which is published for the dissemination of news of general interest, and is circulated generally in the county in which it is published and in which notice is given.
2. In any county where a "newspaper of general circulation" does not exist, the Agency's Executive Director is authorized to determine the appropriate publication to receive any required Letter of Intent. A newspaper which is engaged in the distribution of news of interest to a particular interest group or other limited group of citizens, is not a "newspaper of general circulation."
3. In the case of an application for or by a home care organization, the Letter of Intent must be published in each county in which the agency will be licensed or in a regional newspaper which qualifies as a newspaper of general circulation in each county. In those cases where the Publication of Intent is published in more than one newspaper, the earliest date of publication shall be the date of publication for the purpose of determining simultaneous review deadlines and filing the application.

PROOF OF PUBLICATION: Documentation of publication must be filed with the application form. Please submit proof of publication with the application by attaching

either the full page of the newspaper in which the notice appeared, with the ***mast and dateline intact***, or a publication affidavit from the newspaper.

SIMULTANEOUS REVIEW: Those persons desiring a simultaneous review for a Certificate of Need for which a Letter of Intent has been filed should file a Letter of Intent with the Agency and the original applicant (as well as any other applicant filing a simultaneous review), and should publish the Letter of Intent simultaneously in a newspaper of general circulation in the same county as the original applicant. The publication of the Letter of Intent by the applicant seeking simultaneous review must be published within ten (10) days after publication by the original applicant.

1. Only those applications filed in accordance with the rules of the Health Services and Development Agency, and upon consideration of the following factors as compared with the proposed project of the original applicant, may be regarded as applications filing for simultaneous review.
 - (A) Similarity of service area;
 - (B) Similarity of location;
 - (C) Similarity of facilities; and
 - (D) Similarity of service to be provided.
2. The Executive Director or his/her designee will determine whether applications are to be reviewed simultaneously, pursuant to Agency Rule 0720-3-.03(3).
3. If two (2) or more applications are requesting simultaneous review in accordance with the statute and rules and regulations of the Agency, and one or more of those applications is not deemed complete to enter the review cycle requested, the other application(s) that is/are deemed complete shall enter the review cycle. The application(s) that is/are not deemed complete to enter the review cycle will not be considered as competing with the application(s) deemed complete and entering the review cycle.

FILING THE APPLICATION: *All applications*, including applications requesting simultaneous review, must be filed in ***triplicate*** (original and two (2) copies) with the Agency within five (5) days after publication of the Letter of Intent. **The date of filing is the actual date of receipt at the Agency office.**

Applications should have all pages numbered.

All attachments should be attached to the back of the application, be identified by the applicable item number of the application, and placed in alpha-numeric order consistent with the application form. For example, an Option to Lease a building should be identified as Attachment A.6., and placed before Financial Statements which should be identified as Attachment C. Economic Feasibility.10. The last page of an application should be the completed affidavit.

Failure by the applicant to file an application within five (5) days after publication of the Letter of Intent shall render the Letter of Intent, and hence the application, **void**.

FILING FEE: The amount of the initial filing fee shall be an amount equal to \$2.25 per \$1,000 of the estimated project cost involved, but in no case shall the fee be less than \$3,000 or more than \$45,000. Checks should be made payable to the Health Services and Development Agency.

FILING FEES ARE NON-REFUNDABLE and must be received by the Agency before review of the application will begin.

REVIEW OF APPLICATIONS FOR COMPLETENESS: When the application is received at the Agency office, it will be reviewed for completeness. The application must be consistent with the information given in the Letter of Intent in terms of both project scope and project cost. ***Review for completeness will not begin prior to the receipt of the filing fee.***

1. If the application is deemed complete, the Agency will acknowledge receipt and notify the applicant as to when the review cycle will begin. "Deeming complete" means that all questions in the application have been answered and all appropriate documentation has been submitted in such a manner that the Health Services and Development Agency can understand the intent and supporting factors of the application. Deeming complete shall not be construed as validating the sufficiency of the information provided for the purposes of addressing the criteria under the applicable statutes, the Rules of the Health Services and Development Agency, or the standards set forth in the State Health Plan/Guidelines for Growth.
2. If the application is incomplete, requests by Agency staff for supplemental information must be completed by the applicant within sixty (60) days of the written request. Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days which is allowed by the statute. If the requested information is submitted within sixty (60) days of the request, but not by the date specified in the staff's letter, the application is not void, but will enter the ***next*** review cycle. If an application is not deemed complete within sixty (60) days after the written notification is given by the Agency staff that the application is deemed incomplete, the application shall be deemed void. If the applicant decides to re-submit the application, the applicant shall comply with all procedures as set out by this part and a new filing fee shall accompany the refiled application.

Each supplemental question and its corresponding response shall be typed and submitted on a separate sheet of 8 1/2" x 11" paper, be filed in ***triplicate***, and include a signed affidavit. All requested supplemental information must be received by the Agency to allow staff sufficient time for review before the beginning of the review cycle in order to enter that review cycle.

3. Applications for a Certificate of Need, including competing applications, will not be considered unless filed with the Agency within such time as to assure such application is deemed complete.

All supplemental information shall be submitted simultaneously and only at the request of staff, with the only exception being letters of support and/or opposition.

The Agency will promptly forward a copy of each complete application to the Department of Health or the Department of Mental Health and Developmental Disabilities for review. The Department reviewing the application may contact the applicant to request additional information regarding the application. The applicant should respond to any reasonable request for additional information promptly.

AMENDMENTS OR CHANGES IN AN APPLICATION: An application for a Certificate of Need which has been deemed complete **CANNOT** be amended in a substantive way by the applicant during the review cycle. Clerical errors resulting in no substantive change may be corrected.

- * **WITHDRAWAL OF APPLICATIONS:** The applicant may withdraw an application at any time by providing written notification to the Agency.

- * **TIMETABLE FOR CERTIFICATE OF NEED EXPIRATION:** The Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall **expire**; however, the Agency may extend a Certificate of Need for a reasonable period upon application and good cause shown, accompanied by a non-refundable filing fee, as prescribed by Rules. An extension cannot be issued to any applicant unless substantial progress has been demonstrated. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- * **For further information concerning the Certificate of Need process, please call the offices of the Health Services and Development Agency at 615/741-2364.**

- * **For information concerning the Joint Annual Reports of Hospitals, Nursing Homes, Home Care Organizations, or Ambulatory Surgical Treatment Centers, call the Tennessee Department of Health, Office of Health Statistics and Research at 615/741-1954**

- * **For information concerning Guidelines for Growth call the Health Services and Development Agency at 615/741-2364. For information concerning Picture of the Present call the Department of Health, Office of Health Statistics at 615/741-9395.**

- * For information concerning mental health and developmental disabilities applications call the Tennessee Department of Mental Health and Developmental Disabilities, Office of Policy and Planning at 615/532-6500.

SECTION A:

APPLICANT PROFILE

Please enter all Section A responses on this form. All questions must be answered. If an item does not apply, please indicate "N/A". **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment.**

For Section A, Item 1, Facility Name must be applicant facility's name and address **must be** the site of the proposed project.

For Section A, Item 3, Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State.

For Section A, Item 4, Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.

For Section A, Item 5, For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.

Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity.

For Section A, Item 6, For applicants or applicant's parent company/owner that currently own the building/land for the project location; attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate

documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

1.	<u>Name of Facility, Agency, or Institution</u> <u>University Medical Center (d/b/a McFarland Hospital and McFarland Specialty Hospital)</u> Name <u>500 Park Avenue and 1411 Baddour Parkway</u> <u>Wilson</u> Street or Route County <u>Lebanon</u> <u>TN</u> <u>37087</u> City State Zip Code			
2.	<u>Contact Person Available for Responses to Questions</u> <u>Michael D. Brent</u> <u>Attorney</u> Name Title <u>Bradley Arant Boult Cummings LLP</u> <u>mbrent@babbc.com</u> Company Name Email Address <u>1600 Division Street, Suite 700</u> <u>Nashville</u> <u>TN</u> <u>37203</u> Street or Route City State Zip Code <u>Attorney</u> <u>615-252-2361</u> <u>615-252-6361</u> Association with Owner Phone Number Fax Number			
3.	<u>Owner of the Facility, Agency or Institution</u> <u>Lebanon HMA, LLC</u> <u>615-443-2500</u> Name Phone Number <u>1411 Baddour Parkway</u> <u>Wilson</u> Street or Route County <u>Lebanon</u> <u>TN</u> <u>37087</u> City State Zip Code			
4.	<u>Type of Ownership of Control (Check One)</u> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> A. Sole Proprietorship _____ B. Partnership _____ C. Limited Partnership _____ D. Corporate (For Profit) _____ E. Corporation (Not-for-Profit) _____ </div> <div style="width: 48%;"> F. Government (State of TN or Political Subdivision) _____ G. Joint Venture _____ H. Limited Liability Company <u>X</u> _____ I. (Other) (Specify) _____ </div> </div>			

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER OF ALL ATTACHMENTS.

5. Name of Management/Operating Entity (If Applicable)

N/A

Name _____

Street or Route _____

County _____

City _____

State _____

Zip Code _____

**PUT ALL ATTACHMENT AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership X

D. Option to Lease _____

B. Option to Purchase _____

E. Other (Specify) _____

C. Lease of ____ Years _____

**PUT ALL ATTACHMENT AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

7. Type of Institution (Check as appropriate—more than one response may apply)

A. Hospital X

I. Nursing Home _____

B. Ambulatory Surgical Treatment _____

J. Outpatient Diagnostic Center _____

Center (ASTC), Multi-Specialty _____

K. Recuperation Center _____

C. ASTC, Single Specialty _____

L. Rehabilitation Facility _____

D. Home Health Agency _____

M. Residential Hospice _____

E. Hospice _____

N. Non-Residential Methadone _____

F. Mental Health Hospital _____

Facility _____

G. Mental Health Residential _____

O. Birthing Center _____

Treatment Facility _____

P. Other Outpatient Facility _____

H. Mental Retardation Institutional _____

(Specify) _____

Habilitation Facility (ICF/MR) _____

Q. Other (Specify) _____

8. Purpose of Review (Check as appropriate—more than one response may apply)

A. New Institution _____

G. Change in Bed Complement _____

B. Replacement/Existing Facility _____

[Please note the type of change

C. Modification/Existing Facility X

by underlining the appropriate

D. Initiation of Health Care _____

response: Increase, Decrease,

Service as defined in TCA §

Designation, Distribution,

68-11-1607(4)

Conversion, Relocation X

(Specify) _____

H. Change of Location _____

E. Discontinue of OB Services _____

I. Other (Specify) _____

F. Acquisition of Equipment _____

9. Bed Complement Data

Please indicate current and proposed distribution and certification of facility beds.

	Current Beds Licensed *CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	<u>127</u>	<u>127</u>	<u>0</u>	<u>127**</u>
B. Surgical	<u> </u>	<u> </u>	<u> </u>	<u> </u>
C. Long-Term Care Hospital	<u> </u>	<u> </u>	<u> </u>	<u> </u>
D. Obstetrical	<u>14</u>	<u>14</u>	<u>0</u>	<u>14</u>
E. ICU/CCU	<u>12</u>	<u>12</u>	<u>0</u>	<u>12</u>
F. Neonatal	<u> </u>	<u> </u>	<u> </u>	<u> </u>
G. Pediatric	<u>17</u>	<u>17</u>	<u>0</u>	<u>17</u>
H. Adult Psychiatric	<u>34</u>	<u>34</u>	<u>0</u>	<u>34</u>
I. Geriatric Psychiatric	<u>15</u>	<u>15</u>	<u>0</u>	<u>15</u>
J. Child/Adolescent Psychiatric	<u> </u>	<u> </u>	<u> </u>	<u> </u>
K. Rehabilitation	<u>26</u>	<u>26</u>	<u>0</u>	<u>26</u>
L. Nursing Facility (non-Medicaid Certified)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
M. Nursing Facility Level 1 (Medicaid only)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
N. Nursing Facility Level 2 (Medicare only)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
O. Nursing Facility Level 2	<u> </u>	<u> </u>	<u> </u>	<u> </u>
P. ICF/MR	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Q. Adult Chemical Dependency (Detox)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
R. Child and Adolescent Chemical Dependency	<u> </u>	<u> </u>	<u> </u>	<u> </u>
S. Swing Beds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
T. Mental Health Residential Treatment	<u> </u>	<u> </u>	<u> </u>	<u> </u>
U. Residential Hospice	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>245</u> <u>0</u>	<u>245</u>	<u>0</u>	<u>245</u>

*CON-Beds approved but not yet in service

**Medical/Surgical Beds

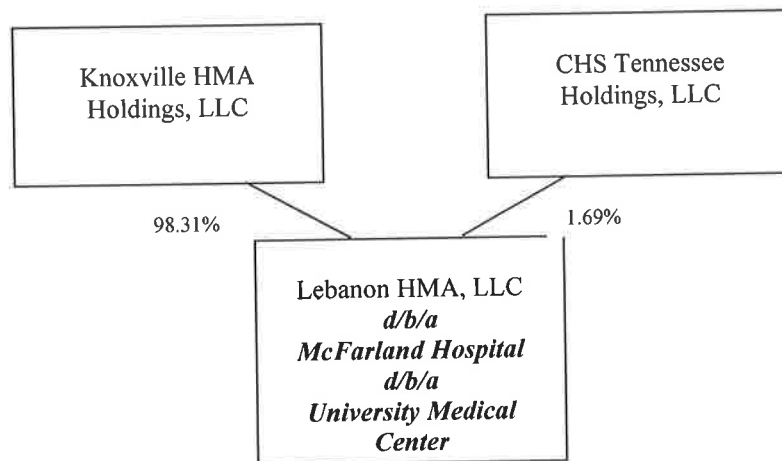
- 10. Medicare Provider Number** 44-0193, 44-S193, 44-T193
- Certification Type** Hospital
- 11. Medicaid Provider Number** 44-0193
- Certification Type** Hospital
- 12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?** N/A

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organization (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes. If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

Response to Section A, Item 3: Please See Attachment A.3.

Response to Section A, Item 4: McFarland Hospital (the "Applicant") is a satellite campus of University Medical Center (also referred to herein as the "Applicant"). Both are operated by Lebanon HMA, LLC. University Medical Center is a Medicaid and Medicare-certified acute care hospital located at 1411 Baddour Parkway, 3.1 miles from the Applicant's 500 Park Avenue, Lebanon, Tennessee location. The ownership structure of the Applicant is as follows:



Response to Section A, Item 5: N/A

Response to Section A, Item 6: Please see Attachment A.6.

Response to Section A, Item 13: The Applicant currently has contracts with the following Managed Care and Behavioral Health Organizations:

- Aetna
- Amerigroup
- Blue Cross Blue Shield
- Beech Street
- Center Care
- Cigna
- First Health
- Health Smart
- HealthSpring

- GEHA
- Great West
- Humana
- Lifesynch
- Magellan Health Services
- Mental Health Associates
- MultiPlan
- OccuNet Provider Alliance
- Prime Health
- Psych Care
- Private Healthcare Systems
- Signature Health Alliance
- TriWest Healthcare
- United
- USA MCO
- Value Options
- Windsor Behavioral Health

The Applicant is also Medicare and Medicaid certified.

NOTE: **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

RESPONSE: The Applicant is operated by Lebanon HMA, LLC, a Tennessee limited liability company. This is an application for a Certificate of Need for renovations in the main hospital building's surgical department, renovation of a space formerly used as an outpatient surgery department into an endoscopy department, and the consolidation of University Medical Center's campuses, University Medical Center and McFarland Hospital, by relocating rehabilitation and psychiatric beds currently housed at McFarland Hospital (the "Satellite Campus") at 500 Park Avenue, Lebanon, Tennessee to University Medical Center (the "Main Campus") at 1411 W. Baddour Parkway, approximately 3 miles away. University Medical Center is a general acute care hospital and is also operated by Lebanon HMA, LLC. Currently, McFarland Hospital is licensed for seventy-five (75) beds: forty-nine (49) psychiatric beds and twenty-nine (29) rehabilitation beds and University Medical Center is licensed for one hundred seventy (170) beds, for a total of two hundred forty-five (245) licensed beds. The Applicant plans to renovate the first floor of the Outpatient Center on the Main Campus, reusing as many existing patient rooms as possible to house McFarland Hospital's rehabilitation and psychiatric beds. In conjunction with the relocation, two departments will relocate and one department will be renovated on the Main Campus.

Currently, the first floor of the Outpatient Center houses a 58-bed Progressive Care Unit (PCU), which will be relocated to the third floor of the North Patient Tower on the northern border of the Main Campus. That floor of the North Patient Tower is currently shell space, so it will be built-out to accommodate the PCU. The North

Patient Tower currently houses medical and surgical beds, outpatient physical therapy, and a cardiac rehabilitation and catheterization lab on its other floors.

The PCU's former home in the Outpatient Center would then house the rehabilitation and behavioral health beds. As part of the project, the Applicant will also construct a new 2-story elevator tower to service the top floor of the Outpatient Center. Please note, the PCU, rehabilitation, and psychiatric beds would initially be staffed at 30, 10, and 32 beds respectively, but would set up and staff additional beds in response to patient demand.

The endoscopy department will be relocated to a larger space in the Outpatient Center, where it is currently located, following its renovation pursuant to this application. Finally, in order to improve scheduling flexibility in cases of overflow and to offer the best possible services to patients, the surgery department will be renovated and modernized. Upon completion of all renovations, the facility will have 5 operating rooms in its surgery department, 4 patient recovery bays and 2 endoscopy rooms with Fluoroscopy and Bronchoscopy capabilities in its endoscopy department, 58 (30 staffed) PCU beds, 49 (32 staffed) psychiatric beds, and 26 (10 staffed) rehabilitation beds. The hospital will continue to be licensed for 245 beds.

Service Area

The service area for this project consists of Davidson, Macon, Rutherford, Smith, Sumner, Warren, and Wilson Counties.

Project Cost and Funding

The total estimated project cost is \$22,455,000, exclusive of the \$45,000 filing fee. Of this, approximately \$13.2 million is construction costs. The construction costs are reasonable as verified by the project architect in the letter attached to this application. The project will be funded through cash reserves by an allocation from the parent company.

Financial Feasibility

The project is financially feasible. As reflected in the Projected Data Chart, the project will suffer none or marginal losses in Year 1 and thereafter.

A need for the project exists in the Applicant's service area due to need to align the Applicant's services with demand and to ensure that Tennesseans continue to receive quality, accessible healthcare.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

RESPONSE: The proposed project consists of the renovation of areas to house the Applicant's surgery, endoscopy, progressive care units as well as those units transferred from the Satellite Campus. The units formerly located on the Satellite Campus consist of three units the Applicant proposes to house on the same floor: two initially staffed at 16 beds each and one initially staffed at 10-beds. Each unit will have one nursing station, and the behavioral health units will also have activity and group therapy areas. Installing an elevator from the ground floor to the first floor will enable patients to be more easily transported to the ground floor for imaging services and takes into account potential mobility restrictions of rehabilitation patients.

The units will share a number of common amenities, such as plant operations (i.e., supply department) and business and administrative offices. Mechanical units in the rehabilitation department will be shared by the rehabilitation department and the psychiatric departments. There will also be roof-mounted mechanical units for the departments that do not take up any square footage in the building.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

RESPONSE: With the filing of this application, the Applicant seeks to consolidate its two campuses by moving its 49 psychiatric beds and 26 rehabilitation beds from the Satellite campus to the Main Campus. To accomplish the move and take advantage of economies of scale, the Applicant also seeks to renovate: its surgery department; currently unused space to house its endoscopy unit; and currently shelled space to house its PCU.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
Progressive Care Unit		9,577		NPT 3 rd Floor	9,232		9,232			
Circulation		2,920		NPT 3 rd Floor	4,249		4,249			
Mech/Elec/Data		384		NPT 3 rd Floor	912		912			
Administration/Support		5,157		NPT 3 rd Floor	2,481		2,481			
Rehabilitation Unit		6,774		OC 1st Floor	2,980		2,980			
Circulation		3,324		OC 1st Floor	2,001	700	2,701			
Mech/Elec/Data		97		OC 1st Floor	512		512			
Administration/Support		3,376		OC 1st Floor	3,238		3,238			
Behavioral Health Unit		3,233		OC 1st Floor	2,405		2,405			
Circulation		1,600		OC 1st Floor	1,940		1,940			
Mech/Elec/Data		524		OC 1st Floor						
Administration/Support		2,537		OC 1st Floor	3,170		3,170			
Mood & Disorder Unit		4,266		OC 1st Floor	2,357		2,357			
Circulation		2,496		OC 1st Floor	1,923		1,923			
Mech/Elec/Data		2,326		OC 1st Floor	0		0			
Administration/Support		2,813		OC 1st Floor	3,498		3,498			
Surgery Unit		6,891		MB 1st Floor	5,161		5,161			
Circulation		1,716		MB 1st Floor	1,325		1,325			
Endoscopy Unit		1,591		OC Ground Flr.	3,991		3,991			
Circulation		385		OC Ground Flr.	1,631		1,631			
	NPT: North Patient Tower									
	OC: Outpatient Center			TOTALS	53,006	700	53,706			
	MB: Main Hospital Building									
B. Unit/Depart. GSF Sub-Total					38,513		38,513			
C. Mechanical/Electrical GSF					1,424		1,424			
D. Circulation/Structure GSF					13,069	700	13,769			
E. Total GSF					53,006	700	53,706	\$247.52	\$232.90	\$240.21

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

RESPONSE: There has been continued, consistent demand for mental health treatment in the Applicant's service area, and the Applicant has effectively worked around logistical issues caused by the distance between its two campuses to serve the needs of multiple patient populations, especially those in Wilson County, where the Applicant is the only licensed hospital. However, to best serve all patient populations, the Applicant seeks to consolidate its campuses.

With the consolidation, the Applicant will have the ability to more conveniently provide psychiatric and rehabilitation services to rehabilitation and mental health patients, increasing the efficiency of its delivery of the services in its service area and ensuring's ability to continue to provide the services during times of high and low demand. Additionally, with less staffing restraints once the Main and Satellite Campuses are consolidated, the Applicant will have the necessary clinical resources available to serve all patients.

Moreover, as the only hospital in Wilson County, the Applicant periodically assesses its departments to ensure that they meet all standards and continue to improve with respect to quality. Though the renovation of the third floor North Patient Tower is required in order to transition the Applicant's PCU unit to that location, the surgery and endoscopy renovations are the Applicant's efforts to utilize currently vacant or inefficiently used space to increase the efficiency of the

manner in which it provides its services as well as to take advantage of economies of scale by doing several modifications at once.

- D. Describe the need to change location or replace an existing facility.

RESPONSE: The Applicant needs to consolidate its campuses to ensure efficient delivery of healthcare services, convenient provision of services to patients, and reduction of staffing strain caused by having two separate campuses. It is not, however, seeking to relocate an entire facility. As later discussed, the Satellite Campus is an affiliate operating under the license of the Main Campus, which will remain in place. Thus, a facility is not being relocated.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total cost ;(As defined by Agency Rule).
 2. Expected useful life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
 - b. Provide current and proposed schedules of operations.
2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost.
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.
3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

RESPONSE: Not applicable. The project does not involve the acquisition of major medical equipment.

III. A. Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must** include:

1. Size of site (*in acres*);
2. Location of structure on the site;
3. Location of the proposed construction; and
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

RESPONSE: Please see Attachment B.III.A.

B. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: Both the Satellite Campus and the Main Campus are an approximate forty-minute drive from Nashville, Tennessee. The facilities are conveniently located with access to major roads and are about a 10 minute drive from I-40, central to Lebanon and the region the Applicant serves. The facility is convenient for those traveling by automobile, Tennessee's most common method of transportation as well as public transportation. This makes the location easily accessible to patients and their families as well as staff and caregivers, as the Main Campus is connected to surrounding communities by Interstates and Federal and State highways, making it easily accessible to Tennessee residents who look to Lebanon for care.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

RESPONSE: Please see Attachment B.IV.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

RESPONSE: Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

RESPONSE:

COMPREHENSIVE INPATIENT REHABILITATION SERVICES

1. The need for comprehensive inpatient rehabilitation beds shall be determined by applying the guideline of ten beds per 100,000 population in the service area of the proposal.

Response: A chart of the projected need for comprehensive inpatient rehabilitation services is provided below for the year 2019. Please note that, since the Applicant does not provide adolescent inpatient rehabilitation services, the need is calculated based on population projections for those aged 18 and older.

Comprehensive Inpatient Rehabilitation Services Bed Need in Applicant's Service area for 2019

County	2019 Population		2019 Rehabilitation Bed Need Projections	
	Adult (18-64)	Adult (65+)	Adult (18-64)	Adult (65+)
Wilson	105,343	23,241	10	2
Davidson	533,989	85,344	53	9
Macon	18,524	4,483	2	1
Rutherford	259,292	38,077	26	4
Smith	16,157	3,842	2	1
Sumner	143,896	31,432	14	3
Warren	31,721	7,986	3	1
Totals:	1,108,922	194,405	110	21

Sources: Tennessee Department of Health CON Population Projections 2015-2019; Guidelines for Growth (2000 ed.)

Total Bed Need: 131

2. The need shall be based upon the current year's population and projected four years forward.

Response: The projected need for comprehensive inpatient rehabilitation beds is 131 beds for 2019.

3. Applicants shall use a geographic service area appropriate to inpatient rehabilitation services.

Response: The Applicant's central location with respect to its service area and the interstate is reasonable for its geographic service area, allowing patients and any visitors to easily reach the facility.

4. Inpatient rehabilitation units in acute care hospitals shall have a minimum size of 8 beds.

Response: The Applicant meets this requirement, as its inpatient rehabilitation unit is licensed for 26 beds and will initially be staffed at 10 beds.

5. Freestanding rehabilitation hospitals shall have a minimum size of 50 beds.

Response: Not applicable. The Applicant is not a freestanding rehabilitation hospital.

6. Additional inpatient rehabilitation beds, units, or freestanding hospitals should not be approved by the HFC unless all existing units or facilities are utilized at the following levels:

20-30 bed unit ~ 75%

31-50 bed unit/facility ~ 80%

51 bed plus unit/facility ~ 85%

Response: Not applicable. The Applicant does not seek to add beds.

7. The Applicant must document the availability of adequate professional staff, as per licensing requirements, to deliver all designated services in the proposal. It is preferred that the medical director of a rehabilitation hospital be a board certified psychiatrist.

Response: The Applicant has adequate professional staff as required by all licensing requirements to deliver all designated services. The medical director preference is inapplicable, as the Applicant is not a rehabilitation hospital.

Acute Care Bed Need Services

1. The following methodology should be used and the need for hospital beds should be projected four years into the future from the current year...(guidelines detail the steps of the bed need projection methodology; see pp. 15-16 of Guidelines for Growth.)

RESPONSE: A chart of the projected acute care bed need for 2019 for each county in the Applicant's service area follows. Please note that the projections

were received from the Department of Health, Office of Health Statistics pursuant to a data request.

Acute Care Bed Need Projections for 2015 and 2019 in Applicant's Service Area

County	Projected ADC 2019	Projected Need 2019	Licensed Beds 2014	Staffed Beds 2014	Shortage/Surplus Licensed Beds	Shortage/Surplus Staffed Beds
Wilson	96	120	245	245	-125	-125
Davidson	2,486	3,108	3,772	3,221	-664	-113
Macon	10	17	25	25	-8	-8
Rutherford	297	371	481	463	-110	-92
Smith	19	29	25	18	4	11
Sumner	160	200	303	230	-103	-30
Warren	32	45	125	1	-80	44
TOTALS:	3,100	3,890	4,976	4,203	-1,086	-313

Source: Tennessee Department of Health, Office of Health Statistics Acute Care Bed Need Projections 2015-2019 and 2014 Joint Annual Reports ("JARS")

As noted above, the Tennessee Department of Health projects a net surplus of 1,086 acute care hospital beds in the Applicant's service area. The Applicant, however, is not requesting additional beds.

2. New hospital beds can be approved in excess of the "need standard for a county" if the following criteria are met:

(a) All existing hospitals in the projected service area have an occupancy level greater than or equal to 80 percent for the most recent Joint Annual Report. Occupancy should be based on the number of licensed beds that are staffed for two consecutive years.

(b) All outstanding CON projects for new acute care beds in the proposed service area are licensed.

(c) The Health Facilities Commission may give special consideration to acute care bed proposals for specialty health service units in tertiary care regional referral hospitals.

RESPONSE: Not Applicable. The Applicant is not requesting additional hospital beds.

Construction, Renovation, Expansion, and Replacement of Health Care Institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

RESPONSE: Not Applicable. The Applicant is not requesting additional beds, services, or medical equipment.

2. For relocation or replacement of an existing licensed health care institution:

(a) The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

(b) The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

RESPONSE: Not applicable. Though the Applicant is shifting beds from the Satellite Campus, this is not a move of the health care institution itself, which remains located on the Main Campus. The Satellite location, as an affiliate of the Main Campus, is not a separate health care institution in and of itself, as it is tethered directly to the Main Campus and its license. Therefore, shifting beds from the Satellite Campus to the Main Campus is not a relocation of a health care institution.

3. For renovation or expansions of an existing licensed health care institution:

(a) The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

RESPONSE: There is a demand for the project in the Applicant's service area, as evidenced by the consistent demand for psychiatric and rehabilitation services. The average daily census for the psychiatric services in particular, as evidenced in charts contained herein, have remained within a steady, consistent range for the past few years, indicating that there is a consistent need for such services in the Applicant's service area.

(b) The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

RESPONSE: The building on the Satellite Campus currently requires extensive repairs and/or renovations if the Applicant continues to use it which are not financially feasible. On the Main Campus, the third floor of the North Patient Tower requires renovation because it is currently empty

shell space and would not be able to house patients otherwise. The PCU is best moved to the North Patient Tower because its current location is better suited for a multi-unit set up, allowing for several nurses stations, offices, and staff lounges for the 3 Satellite Campus units, than the North Patient Tower, which has less space and is consequently more suitable to house a unit. The renovation of the surgery department is required to better enable the Applicant to accommodate overflow cases.

The endoscopy renovation will allow the Applicant to take advantage of currently vacant space while giving its endoscopy department much needed space. Currently housed in space approximately half the size of the proposed endoscopy unit, the renovation will permit the Applicant to more efficiently provide endoscopy services to multiple patients, in addition to giving the staff and physicians relief by reducing the need to travel to various parts of the campus or the building, since the endoscopy unit will now have space for an office, lounge, locker room with shower, and an equipment storage area in addition to the enlarged patient spaces.

Psychiatric Inpatient Services

A. Need

1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in the Joint Annual Reports).

RESPONSE: A chart containing the calculations for psychiatric inpatient services in the Applicant's service area appear below.

Projected Psychiatric Bed Need in Applicant's Service area for 2019

County	2019 Population		2019 Psychiatric Bed Need Projections	
	Adult (18-64)	Adult (65+)	Adult (18-64)	Adult (65+)
Wilson	105,343	23,241	32	7
Davidson	533,989	85,344	160	26
Macon	18,524	4,483	6	1
Rutherford	259,292	38,077	78	11
Smith	16,157	3,842	5	1
Sumner	143,896	31,432	43	9
Warren	31,721	7,986	10	2
Totals:	1,108,922	194,405	334	57

Sources: Tennessee Department of Health CON Population Projections 2015-2019; Guidelines for Growth (2000 ed.)

Total Bed Need: 391

As noted in the chart above, the total bed need for 2019 for psychiatric inpatient beds at a rate of 30 beds per 100,000 population in the Applicant's service area is 391 beds.

2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.

RESPONSE: As shown in the charts above, the bed need in the Applicant's service area for adults 18 years and older is 391 beds (334 for ages 18-64 plus, 57 for ages 65 and up).

3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.

RESPONSE: Not applicable. The Applicant does not provide psychiatric services to patients aged 13 to 17.

4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.

RESPONSE: A chart containing the number of existing staffed and licensed beds in the Applicant's service area follows:

Staffed and Licensed Psychiatric Beds in Applicant's Service Area

Hospital	County	2014 Staffed Psych Beds	2014 Licensed Psych Beds	2014 Facility Average Daily Census	2015 Staffed Psych Beds	2015 Licensed Psych Beds	2015 Facility Average Daily Census
Middle Tennessee Mental Health Institute	Davidson	207	207	177	*	*	*
Saint Thomas West Hospital	Davidson	23	23	13	*	*	*
TriStar Centennial Medical Center	Davidson	130	132	90	*	*	*
TriStar Skyline Madison Campus	Davidson	102	102	53	*	*	*

Vanderbilt University Hospitals	Davidson	88	88	77	*	*	*
TrustPoint Hospital	Rutherford	59	59	41	*	*	*
Riverview Regional Medical Center South	Smith	10	10	7	*	*	*
Sumner Regional Medical Center	Sumner	8	12	8	*	*	*
McFarland Hospital	Wilson	49	49	19	49	49	18*
Totals:		676	682	485	49	49	18

*Information is not available at this time.

**As of August 31, 2015

Sources: 2014 Joint Annual Reports and Applicant's Internal Records

Adjusted for the number of existing staffed (rather than licensed) psychiatric beds, the total bed need in the Applicant's service area is -285 beds (total bed need of 391 minus 676 existing staffed beds). However, the Applicant is not requesting additional beds.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.

RESPONSE: The Applicant is the only provider of psychiatric inpatient services in Wilson County, which is a Medically Underserved Area. The Applicant's continued provision of these services will ensure that residents of its service area continue to have access to mental health services and also better contribute to the orderly development of healthcare in the service area.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

RESPONSE: The Applicant serves, and will continue to serve, adults of all ages, without discrimination with regard to gender, race, and ethnicity. It currently serves a significant low-income TennCare and Medicare population and plans to continue such services. In addition, the Applicant will admit self-pay and charity patients. The Applicant will also continue to accept involuntary admissions from the judicial system and local law enforcement.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

RESPONSE: This project will fulfill many of the goals set forth in the Tennessee Guidelines for Growth. This project will support the delivery of services in the most medically appropriate and cost-efficient setting. By consolidating its campuses, the Applicant will benefit Tennesseans by improving the accessibility of healthcare services provided by the Applicant. Being on one campus, patients and their loved ones will be able to more easily navigate between one department to another. Additionally, the Applicant's staff will be less constrained, as the Applicant will be able to take advantage of systems, processes, and staff members already in place on the main campus. In addition, the Guidelines direct that preference should be given to patient accessibility and availability, both of which will be improved in the Applicant's service area if this project is approved.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.

RESPONSE: The Applicant's service area consists of Davidson, Macon, Rutherford, Smith, Sumner, Warren, and Wilson Counties. As reported by the Health Resources and Services Administration of the US Department of Health and Human Services, the entire area of Macon, Wilson, and Warren counties are designated medically underserved area as ("MUAs"), while portions of Davidson, Smith, Rutherford, and Sumner Counties are designated as MUAs. This project seeks to ensure that the mental health needs of these underserved areas continue to be met.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

RESPONSE: The Applicant anticipates that the state mental health

hospital and its service area will support this project.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

RESPONSE: The Applicant will accept involuntary admissions.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

RESPONSE: The Applicant will contract with all area TennCare MCO's that cover psychiatric services. Its projected payor mix for TennCare is 42.65% and 33.55% for Medicare.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization for similar services should be considered.

RESPONSE: As noted in the charts below, occupancy rates in the Applicant's service area have remained consistent or increased over the last five years.

Occupancy Rates in Applicant's Service Area

Facility	2010	2011	2012	2013	2014
Middle Tennessee Mental Health Institute	73%	84%	85%	85%	86%
Saint Thomas West Hospital	89%	91%	69%	61%	55%
TriStar Centennial Medical Center	59%	72%	63%	94%	68%
TriStar Skyline Madison Campus	48%	57%	55%	75%	52%
Vanderbilt University Hospitals	76%	83%	88%	85%	88%
TrustPoint Hospital (Opened 2013)	N/A	N/A	N/A	54%	69%
Riverview Regional Medical Center South (No psych beds before 2012)	N/A	N/A	70%	69%	72%
Sumner Regional Medical Center (No psych beds before 2012)	N/A	N/A	66%	57%	69%
McFarland Hospital	48%	77%	48%	40%	39%

Sources: Tennessee Joint Annual Reports 2010 through 2014

2. Accessibility to specific special need groups should be an important factor.

RESPONSE: As mentioned previously, the Applicant serves a significant number of elderly and low-income individuals in its service area. This project will increase accessibility for these individuals and promote more efficient and effective care for all patients.

E. Feasibility

1. The ability of the applicant to meet Tennessee Department of Mental Health licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

RESPONSE: The Applicant hereby confirms that it currently meets such licensure requirements and will continue to do so upon the approval of the project.

In addition to the above, the Applicant has reviewed the 2010 Tennessee State Health Plan and the 2014 update, published by the Division of Health Planning, and believes that the approval of its CON application would assist the development of the goals and strategies set forth in the "Five Principles for Achieving Better Health," as found in the State Health Plan, as follows:

(1) ***The purpose of the State Health Plan is to improve the health of Tennesseans.*** This project seeks to consolidate all beds at one of the Applicant's existing campuses to improve access to mental health care, to enhance the accessibility and quality of the mental health programs offered by the Applicant, and to increase the Applicant's ability to collaborate with local medical providers and law enforcement officials. These goals are consistent with and vital to the improvement of the medical and mental health of Tennesseans.

(2) ***Every citizen should have reasonable access to healthcare.*** Although the Applicant is a private facility, it is committed to serving elderly and low-income patients in the Medicare and TennCare programs. The Applicant currently accommodates a substantial number of managed care consumers.

(3) ***The state's healthcare resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's healthcare system.*** This project supports these goals by increasing the competitiveness of the market for private hospital psychiatric services in the Applicant's service area, providing for an economically efficient development of the system for mental health services in the Applicant's service area.

(4) ***Every citizen should have confidence that the quality of healthcare is continually monitored and standards are adhered to by healthcare providers.*** The Applicant continually monitors applicable standards of care with the goal of always meeting or exceeding such standards, thus ensuring that patients and their family members receive quality care and support appropriate for their circumstances.

(5) ***The state should support the development, recruiting and retention of a sufficient and quality healthcare workforce.*** The Applicant supports the development, recruitment and retention of a sufficient and quality healthcare workforce through its various training programs, community outreach initiatives, and other programs and support.

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).

Response: Not applicable. Though the Applicant is shifting beds from the Satellite Campus, this is not a move of the health care institution itself, which remains located on the Main Campus. The Satellite location, as an affiliate of the Main Campus, is not a separate health care institution in and of itself, as it is tethered directly to the Main Campus and its license. Therefore, shifting beds from the Satellite Campus to the Main Campus is not a relocation of a health care institution.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response: This project will assist the Applicant in streamlining the manner in which it is able to staff its hospital, and improve the accessibility of mental health services to residents of its service area.

Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

Response: Please see Attachment Need.3.

3. A. Describe the demographics of the population to be served by this proposal.
- Response:** A chart of demographic information for the service area is provided below.

Demographics of the Service Area and Surrounding Counties

	Total Population 2015	Total Population 2019	%Change	18-64 Population 2015	18-64 Population 2019	18-64 Population %Change	65+ Population 2015	65+ Population 2019	65+ Population %Change	TennCare Enrollees*	TennCare Enrollees as % of Total
Davidson	671,403	706,549	5.2%	438,220	448,645	2.4%	75,199	85,344	13.5%	145,479	21.7%
Macon	23,259	24,023	3.3%	13,871	14,041	1.2%	3,869	4,483	15.9%	6,820	29.3%
Rutherford	307,088	347,767	12.5%	199,380	221,215	11.0%	29,902	38,077	27.3%	47,267	15.3%
Smith	20,051	20,685	3.2%	12,189	12,315	1.0%	3,282	3,842	17.1%	4,230	21.1%
Sumner	175,794	187,398	6.6%	107,075	112,464	5.0%	26,289	31,432	19.6%	28,791	16.4%
Warren	40,721	41,304	1.4%	23,874	23,735	-0.6%	7,159	7,986	11.6%	11,067	27.2%
Wilson	126,659	136,217	7.5%	77,627	82,102	5.8%	18,910	23,241	22.9%	18,206	14.4%
Total	1,364,975	1,463,943	7.3%	872,236	914,517	4.8%	164,610	194,405	18.1%	261,860	19.2%

Sources: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health CON
Population Projections 2015-2019
*TennCare Enrollees as of August 2015

Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response : Wilson County is the Applicant's main patient source and its residents have limited access to rehabilitation and psychiatric services if they wish to receive services in their county of residence since the Applicant is the sole hospital provider of these services. Thus, there is a "special need." The approval of this project will further enable patients who need the specialized care available at the Applicant's facility to obtain those services in a modern, accessible setting close to patients' homes, families and communities.

Additionally, integrating the Applicant's mental health services with the remainder of the services offered on the Main Campus will assist with removing any potential stigma or embarrassment associated with the receipt of mental health services, however unwarranted. Instead of being relegated to a separate location dedicated solely to these services, patients can feel more at ease going to the Main Campus for treatment without the fear that they are publicly announcing a need for mental health services with their presence alone.

Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Response : Though the Applicant is the sole hospital with licensed psychiatric beds in Wilson County, there are 9 hospitals in its broader service area that have licensed psychiatric beds. Five of these hospitals are located in Davidson County, the largest county in the Applicant's service area. A chart of the utilization data for each of these hospitals and the Applicant follows:

Facility	Number of Psychiatric Beds	Admissions (CY 2012)	Admissions (CY 2013)	Admissions (CY 2014)
Middle Tennessee Mental Health Institute*	207*	2,881	3,158	3,642
Saint Thomas West Hospital	23	321	309	275

TriStar Centennial Medical Center	130	2,923	3,903	3,252
TriStar Skyline Madison Campus	102	2,814	3,179	3,014
Vanderbilt University Hospitals	88	3,503	3,547	3,646
TrustPoint Hospital	50	N/A	1,173	1,861
Riverview Regional Medical Center South	10	198	172	200
Sumner Regional Medical Center	8	89	170	137
McFarland Hospital (Applicant)	49	944	864	858
Total	460	1,231	16,475	16,885

Sources: Applicant's internal records and 2012, 2013, and 2014 Joint Annual Reports

**Middle Tennessee Health Institute had 195 beds in 2012 and 2013 and had 207 beds in 2014 according to its JARS for those years.*

4. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Response : The utilization statistics for both psychiatric and rehabilitation services for 2013 through August 2015 are as follows:

2015 Inpatient Days Through August 2015		
Patient Type	Inpatient Days	Utilization Percentage
BCBS	292	5.2%
Tricare	49	0.87%
Commercial	7	0.12%
TennCare	2,396	42.65%
Medicare	1,885	33.55%
Self-Pay	5	0.09%
Other-HMO/PPO	984	17.53%
		100.0%
Occupancy-75 beds	21%	

2014 Inpatient Days		
Patient Type	Inpatient Days	Utilization Percentage
BCBS	428	4.73%
Tricare	108	1.19%
Commercial	71	0.78%
TennCare	3,383	37.36%

Medicare	4,569	50.46%
Self-Pay	5	0.06%
Other-HMO/PPO	491	5.42%
		100.0%
Occupancy-75 beds	33%	

2013 Inpatient Days		
Patient Type	Inpatient Days	Utilization Percentage
BCBS	763	7.74%
Tricare	40	0.41%
Commercial	502	5.09%
TennCare	3,343	33.89%
Medicare	5,118	51.89%
Self-Pay	42	0.43%
Other-HMO/PPO	56	0.57%
		100.0%
Occupancy-75 beds	36%	

The projected utilization for the hospital as a whole for Year 1 and Year 2 are detailed in the charts below:

Year 1 Projected Utilization (245 Beds)		
Patient Type	Inpatient Days	Utilization Percentage
BCBS	1,978	5.2%
Tricare	331	0.87%
Commercial	45	0.12%
TennCare	16,227	42.65%
Medicare	12,765	33.55%
Self-Pay	34	0.09%
Other-HMO/PPO	6,669	17.53%
		100.0%
Occupancy-245 beds	42%	

Year 2 Projected Utilization (245 Beds)		
Patient Type	Inpatient Days	Utilization Percentage
BCBS	2,001	5.2%
Tricare	334	0.87%
Commercial	46	0.12%
TennCare	16,414	42.65%
Medicare	12,912	33.55%
Self-Pay	34	0.09%
Other-HMO/PPO	6,746	17.53%

		100.0%
Occupancy-245 beds	43%	

Note: Utilization for 2013-2015 is based on actual experience. Projected utilization for Year 1 and Year 2 is a combination of the proposed project and existing hospital; with 104 ADC in Year 1 and 105 ADC in Year 2. Forecasted ADC is an estimation based on a number of factors such as community need and hospital management experience.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
 - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - For projects that include new construction, modification, and/or renovation; **documentation** must **be** provided from a contractor and/or architect that support the estimated construction costs.

Response : Please see Attachment C. Economic Feasibility.1 for a letter supporting the estimated construction costs.

PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase	
1.	Architectural and Engineering Fees	<u>\$941,278</u>
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	<u>\$296,062</u>
3.	Acquisition of Site	<u> </u>
4.	Preparation of Site	<u>\$100,000</u>
5.	Construction Costs	<u>\$13,282,948</u>
6.	Contingency Fund	<u>\$1,574,108</u>
7.	Fixed Equipment (Not included in Construction Contract)	<u>\$4,019,277</u>
8.	Moveable Equipment (List all equipment over \$56,000)	<u> </u>
9.	Other (Specify) <u>Non-medical Equipment</u>	<u>\$1,363,300</u>
10.	<u>Abatement</u>	<u>\$228,470</u>
B.	Acquisition by gift, donation, or lease: Not Applicable.	
1.	Facility (inclusive of building and land)	<u> </u>
2.	Building only	<u> </u>
3.	Land only	<u> </u>
4.	Equipment (Specify) <u> </u>	<u> </u>
5.	Other (Specify) <u> </u>	<u> </u>
C.	Financing Costs and Fees: Not Applicable.	
1.	Interim Financing	<u> </u>
2.	Underwriting Costs	<u> </u>
3.	Reserve of One Year's Debt Service	<u> </u>
4.	Other (specify) <u>Capital Interest (CIP account)</u>	<u>649,557</u>
D.	Estimated Project Cost (A+B+C+)	<u>\$22,455,000</u>
E.	CON Filing Fee	<u>\$45,000,000</u>
F.	Total Estimated Project Cost (D+E)	<u>\$22,500,000</u>
	TOTAL	<u>\$22,500,000</u>

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**)

- ☐ A Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E Cash Reserves--Appropriate documentation from Chief Financial Officer.
- F Other—Identify and document funding from all other sources.

Response: The cost of the project will be paid through cash reserves of the Applicant and its affiliates. Please see Attachment C. Economic Feasibility-2 for documentation of this fact.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response: The project will be cost effective and consistent with the average costs for similar projects. The project's estimated construction cost is approximately \$240.20 per square foot, which is above the HSDA's published 3rd Quartile cost per square foot. New construction cost is below the median of \$259.66 per square foot at \$232.90 per square foot. A chart of the hospital construction projects approved by the HSDA in 2012-2014 follows:

Hospital Construction Costs Per Square Foot (2012-2014)			
	Renovated Construction	New Construction	Total Construction
1 st Quartile	\$110.98/SF	\$224.09/SF	\$156.78/SF
Median	\$192.46/SF	\$259.66/SF	\$227.88/SF
3 rd Quartile	\$297.82/SF	\$296.52/SF	\$298.66/SF

Source: CON approved applications for years 2012 through 2014

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Response: Please see Attachment C. Economic Feasibility-4. Historical and Projected Data Charts.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response: The project's average gross charge, average deduction from operating revenue, and average net charge are as follows:

	Year 1	Year 2
Average Gross Charge	\$8,260.91	\$8,261.11
Average Deduction from Revenue	\$7,156.62	\$7,156.88
Average Net Charge	\$1,104.29	\$1,104.23

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response: The current average adult inpatient billable rate (i.e., the Gross Charge) at the Applicant's facility is \$8,261.01 per patient day. The Applicant does not anticipate any adjustments to the current charge schedules as a result of the proposed project. The project is projected to produce \$13,849,254 in net revenue in the first year of operation. The Applicant further anticipates a utilization mix similar to its current 2014 mix for the project, with minimal or no change or impact to existing patient charges.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: The following information was obtained from Joint Annual Reports of a selection of hospitals in the Applicant's service area:

	Sumner Regional Medical Center	TrustPoint Hospital	Riverview Regional Medical Center South	Applicant
Average Gross Charge	\$7,287.13	\$1,833.32	\$4,794.56	\$8,260.91
Average Deduction	\$5,544.04	\$958.99	\$3,663.02	\$7,156.62
Average Net Charge	\$1,743.10	\$874.32	\$1,131.54	\$1,104.29

Source: 2014 Joint Annual Reports

The Applicant is reimbursed according to a prospective payment system that is calculated using a based rate per diem adjusted for DRG (diagnosis), wage rate, co-morbidity add-ons, and a variable cost component.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: The Applicant currently projects that the project will end year one of its operation with operating income sufficient to cover the operations of the facility. Therefore, the project is expected to be profitable in its first year of operation.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: The project is anticipated to produce positive net operating income within the first year of operation. The expected net operating income will be driven by a combination of occupancy rates, expansion of outpatient programs, and efficiencies in operating overhead through the end of year two of the project.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response: The Applicant participates in Medicare, Medicaid (TennCare) and Tricare insurance programs. Government sponsored or affiliated health insurance programs accounted for approximately 77% of the Applicant's business through August 2015. The Applicant's 2015 mix of payors to date is as follows: 33.55% Medicare, 42.65% Medicaid, and 0.87% Tricare.

The Applicant has assumed the current mix of revenue sources to remain constant for purposes of forecasting revenue and occupancy for the project.

Total Year 1 Inpatient Revenue	\$314,319,360	
Medicare	\$105,454,145	33.55%
Managed Medicaid	\$134,057,207	42.65%
Tricare	\$2,734,578	0.87%

The Applicant currently serves indigent patients and assumes that current indigent care volume will approximate the level of indigent care provided with the proposed project.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Response: Please see Attachment: C. Economic Feasibility - 10 for copies of the balance sheet and income statement from the Applicant's most recent reporting period, as well as a copy of the most recent audited financials.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.
 - b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Response: The Applicant has carefully considered its request to consolidate its campuses and renovate the identified buildings as described in its Certificate of Need application, and a cost-efficient, reasonable alternative does not exist. If the Applicant forgoes the renovation and consolidation, it will still be required to undertake extensive renovations to the building on the Satellite Campus, as earlier described, and it and its patients will be subject to constrained staffing due to the necessity of providing adequate staffing on both campuses. Proceeding as planned with the consolidation and renovations described in the application however, will allow money that likely would have been used to do all necessary renovations on one campus to be used for the benefit of several departments on the main campus, thus permitting the Applicant to more efficiently use its funds and to ensure that its facility continues to be comparable or better than that of its peers.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

RESPONSE: In addition to the MCO's noted at Section A, Item 13, above, in the student programs listed later in the application, the Applicant has a transfer agreement in place with Vanderbilt University Hospital.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

RESPONSE: The Applicant does not anticipate any material shifting of patients or patient days from other providers in its service area.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Response: The current and proposed staffing pattern the proposed project are as follows for the rehabilitation, psychiatric, and PCU patients:

Schedule of Current and Proposed FTEs

Position		Current	Proposed
107	Patient Care Tech	4.66	4.66
108	LPN	7.66	7.66
111	Patient Care Tech CNA/PRN	.79	.79
129	LPN IV	.58	.58
194	Clinical Assess Coordinator	.95	.95
201	Unit Clerk	.78	.78
505	Staff RN-PRN	4.15	4.15
506	RN Med/Surg	26.84	26.84
511	Social Worker MSW	3.8	3.8
714	Director	.9	.9
774	Director of Rehab Services	.9	.9
991	Clinical Coordinator	2.38	2.38
Total FTEs		54	54

The Applicant does not anticipate that the project will result in any staffing changes.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

RESPONSE: As discussed above, the Applicant's current staffing pattern will remain largely unchanged, as it is adequate for its needs and the requirements of the Department of Health, Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission

privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

RESPONSE: The Applicant has reviewed and understands the aforementioned requirements.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Response: The Applicant has relationships with the following educational institutions for the training of students in the areas of medicine, nursing, social work, etc.: Cumberland University (Athletic Training Program); Drexel University and Union University School of Nursing at Hendersonville (Nursing programs); Fortis Institute (Laboratory); Tennessee State University (PT/OT and Speech Therapy); University of Tennessee Knoxville (Social Work); Tennessee College of Applied Technology-Hartsville, Middle Tennessee State University, Trevecca Nazarene College and Volunteer State Community College (Nursing/ER/Ancillary Services); Wilson County School Systems (Vocational Health Care Education).

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

Response: The Applicant is familiar with all licensure requirements of the Tennessee regulatory agencies and relevant Medicare requirements.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

RESPONSE: The Applicant is licensed by the Tennessee Department of Health, certified by Medicare and TennCare, and accredited by The Joint Commission.

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

RESPONSE: Please see Attachment Contribution to the Orderly Development of Healthcare – 7(c), which contains a copy of the Applicant's current hospital license issued by the Tennessee Department of Health and a copy of the Applicant's current accreditation certificate issued by The Joint Commission.

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

RESPONSE: The Applicant has not been cited for any deficiencies.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

RESPONSE: None.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

RESPONSE: None.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

RESPONSE: If the proposal is approved, the Applicant will be happy to provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
- 2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.**

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): **January 27, 2016**. Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. Architectural and engineering contract signed	30	February 2016
2. Construction documents approved by the Tennessee Department of Health	151	July 2016
3. Construction contract signed	7	July 8, 2016
4. Building permit secured	7	July 15, 2016
5. Site preparation completed	10	July 25, 2016
6. Building construction commenced	7	August 1, 2016
7. Construction 40% complete	153	January 2017
8. Construction 80% complete	243	September 2017
9. Construction 100% complete (approved for occupancy)	94	December 4, 2017
10. *Issuance of license	26	December 30, 2017
11. *Initiation of service	9	January 9, 2018
12. Final Architectural Certification of Payment	50	March 2018
13. Final Project Report Form (HF0055)	31	April 2017

*** For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF _____

_____, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

SIGNATURE/TITLE

Sworn to and subscribed before me this ____ day of _____, _____ a Notary
(Month) (Year)

Public in and for the County/State of _____.

NOTARY PUBLIC

My commission expires _____,
(Month) (Year)

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
- 2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.**

Cost of Publication

\$ 163.00

Proof of Publication

LEBANON DEMOCRAT

PUBLICATION CERTIFICATE

This is to certify that the legal notice hereto attached was published in
The Lebanon Democrat, a daily newspaper published in the City of
Lebanon, County of Wilson, State of Tennessee on the following dates:

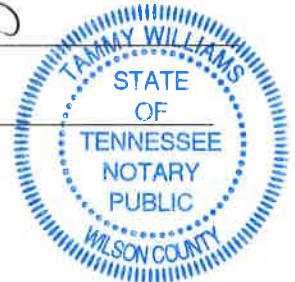
Signed: Meranie Ray

9-10-2015

Subscribed and sworn to before me

on this 29 day of Sept

Commission expires: 2-1-19



NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Lebanon HMA, LLC (d/b/a McFarland Speciality Hospital; d/b/a McFarland Hospital and d/b/a University Medical Center), intends to file an application for a Certificate of Need for the relocation and consolidation of three units, a sixteen (16) bed behavioral health unit, a sixteen (16) bed mood disorder unit, and a ten (10) bed inpatient rehabilitation unit, from their current satellite location at 500 Park Avenue, Lebanon, TN 37087 to the main campus at 1411 Baddour Parkway, Lebanon, TN 37087 (both in Wilson County, TN). The estimated project cost is \$16,100,000.

The anticipated filing date of the application is on or before September 15, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babco.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

(A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): **January 27, 2016**. Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. Architectural and engineering contract signed	30	February 2016
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4. Building permit secured	7	July 15, 2016
5. Site preparation completed	10	July 25, 2016
6. Building construction commenced	7	August 1, 2016
7. Construction 40% complete	153	January 2017
8. Construction 80% complete	243	September 2017
9. Construction 100% complete (approved for occupancy)	94	December 4, 2017
10. *Issuance of license	26	December 30, 2017
11. *Initiation of service	9	January 9, 2018
12. Final Architectural Certification of Payment	50	March 2018
13. Final Project Report Form (HF0055)	31	April 2017

*** For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

Attachment A.3

Articles of Incorporation and Certificate of Existence

State of Tennessee



Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

ARTICLES OF ORGANIZATION
(LIMITED LIABILITY COMPANY)

(For use on or after 7/1/2006)

For Office Use Only

RECEIVED
STATE OF TENNESSEE
MAY -4 PM 12:05
SECRETARY OF STATE

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act.

1. The name of the Limited Liability Company is: Lebanon HMA, LLC

(NOTE: Pursuant to the provisions of TCA §48-249-106, each limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")

2. The name and complete address of the Limited Liability Company's initial registered agent and office located in the state of Tennessee is:

CT Corporation System

(Name)

800 S. Gay Street, Suite 2021

Knoxville

TN 37929

(Street address)

(City)

(State/Zip Code)

Knoxville

(County)

3. The Limited Liability Company will be: (NOTE: PLEASE MARK APPLICABLE BOX)

☐ Member Managed

☒ Manager Managed

☐ Director Managed

4. Number of Members at the date of filing, if more than six (6): one (1)

5. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is: (Not to exceed 90 days)

Date: Upon Filing

Time: _____

6. The complete address of the Limited Liability Company's principal executive office is:

5811 Pelican Bay Blvd., Suite 500, Naples, FL 34108-2710

(Street Address)

(City)

(State/County/Zip Code)

7. Period of Duration if not perpetual: Perpetual

8. Other Provisions:

9. THIS COMPANY IS A NONPROFIT LIMITED LIABILITY COMPANY (Check if applicable) ☐

May 1, 2009
Signature Date

Timothy R. Parry
Signature

Senior Vice President of Sole Member

Timothy R. Parry

Signer's Capacity (if other than individual capacity)

Name (printed or typed)

SS-4270 (Rev. 05/06)

Filing Fee: \$50 per member (minimum fee = \$300, maximum fee = \$3,000)

RDA 2458



STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

BRADLEY ARANT BOULT CUMMINGS LLP
1600 DIVISION STREET SUITE 700
NASHVILLE, TN 37203

October 7, 2015

Request Type: Certificate of Existence/Authorization
Request #: 0177474

Issuance Date: 10/07/2015
Copies Requested: 1

Document Receipt

Receipt #: 002264437
Payment-Credit Card - State Payment Center - CC #: 165167373
Filing Fee: \$22.25
\$22.25

Regarding: LEBANON HMA, LLC
Filing Type: Limited Liability Company - Domestic
Formation/Qualification Date: 09/03/2003
Status: Active
Duration Term: Perpetual
Business County: WILLIAMSON COUNTY
Control #: 453277
Date Formed: 09/03/2003
Formation Locale: TENNESSEE
Inactive Date:

CERTIFICATE OF EXISTENCE

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

LEBANON HMA, LLC

- * is a Limited Liability Company duly formed under the law of this State with a date of incorporation and duration as given above;
- * has paid all fees, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;
- * has filed the most recent annual report required with this office;
- * has appointed a registered agent and registered office in this State;
- * has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.


Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 013919731

Attachment A.6

Deed

BK/PG:1020/204-209

03212838

This instrument prepared by:
Anne H. Duncan, Esq.
McDermott, Will & Emery
18191 Von Karman Avenue, Suite 400
Irvine, CA 92612

6 PGS : AL - QUITCLAIM DEED	
JEWEL BATCH: 22115	
11/10/2003 - 03:40 PM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	30.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	32.00

STATE OF TENNESSEE, WILSON COUNTY

JOHN B SPICKARD
REGISTER OF DEEDS

RETURN TO:

Elizabeth Stehler
Harter, Secrest & Emery LLP
1600 Bausch & Lomb Place
Rochester, NY 14604

MAIL TAX STATEMENTS TO:

Lebanon HMA, Inc.
1411 W. Baddour Parkway
Lebanon, TN 37087-5213

Parcel Identification Number(s):

57 - 84, 84.01, 85, 86.01, 89 and 90
67I - A - 3, 4, 5, 6 and 4.01
68E - E - 24

(SPACE ABOVE THIS LINE IS FOR RECORDER'S USE)

THIS QUIT CLAIM DEED, made as of October 30, 2003 to be effective on 12:01 a.m. November 1, 2003, by NATIONAL MEDICAL HOSPITAL OF WILSON COUNTY, INC., a Delaware corporation (the "Grantor"), whose post office address is 3820 State Street, Santa Barbara, California 93105, to LEBANON HMA, INC., a Tennessee corporation (the "Grantee"), whose post office address is: 5811 Pelican Bay Blvd., Suite 500, Naples, FL 34108.

(Wherever used herein the terms "Grantor" and "Grantee" include all the parties to this instrument and the heirs, legal representatives and assigns of individuals and assigns of corporations.)

WITNESSETH: That the Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, hereby quit claims and releases unto the Grantee all of the Grantor's interest in and to that certain land, together with all improvements situated thereon, in WILSON County, State of TENNESSEE, viz:

SEE EXHIBIT "A" ATTACHED HERETO

[TENNESSEE - University #1]

ORC 323898-2.040201.0892

TOGETHER, with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

The actual consideration ~~or value whichever greater~~, for this transaction is \$ 0.
Subscribed and sworn to before me this 31 day of October, 2003.

He presented TX BL 17265672 NATIONAL MEDICAL HOSPITAL OF WILSON COUNTY, INC

Affiant: Paul O'Neill

Notary Public:

My Commission expires:

4/12/07
(Affix Seal)

Katherine M. Otero
KATHERINE M. OTERO



This is unimproved () improved (☒) property, known as:

1616 W. Main St. 1411 Badger Hwy Lebanon
(Number) (Street) (P.O. Address) (City or Town)

IN WITNESS WHEREOF, the Grantor has executed this Deed as of the date first written above.

NATIONAL MEDICAL HOSPITAL OF
WILSON COUNTY, INC.,
a Delaware corporation

By: Paul O'Neill
Printed Name: Paul O'Neill
Title: Vice President

3820 State Street
Santa Barbara, California 93105

STATE OF FLORIDA)
COUNTY OF MIAMI-DADE) ss

Personally appeared before me, KATHERINE M. OTERO, a Notary Public in and for said County and State, PAUL D. NGILL, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the V-P of the maker or a constituent of the maker and is authorized by the maker or by its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of the maker. He presents TX 016 17265672.

Witness my hand, at office, this 31 day of October, 2003.

Notary Public

KATHERINE M. OTERO

My Commission Expires:

4/12/07



EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "A"

Tract I

A tract of land in the Third Civil District of Wilson County, City of Lebanon, Tennessee, containing 1,150,929.6 square feet 26.42 acres), more or less, and being designated as Tax Parcel 84, 84.01, 85, 86.01, 89 and 90 on Tax map 57 and being more particularly described as follows:

BEGINNING at an existing iron pin on the southerly right-of-way line of West Main Street (a.k.a. U.S. Highway 70), said pin being the northeast corner of Tract No. 4 in present deed and also being the northwest corner of Parcel 1 on Tax Map 57-M, Group A, and also being N65°21'80", 273.61 feet from the westerly return curve of West Main Street and Trinity Lane as measured along the southerly right-of-way line of West Main Street; thence leaving West Main Street South 07°54'57" West a distance of 250.78 feet; thence South 07°09'45" West a distance of 145.38 feet; thence South 08°46'03" West a distance of 145.23 feet; thence South 07°23'35" West a distance of 126.82 feet; thence South 07°43'02" West a distance of 142.19 feet; thence North 84°59'40" West a distance of 121.78 feet; thence North 84°51'45" West a distance of 109.96 feet; thence North 85°33'24" West a distance of 117.80 feet; thence North 85°09'45" West a distance of 313.79 feet; thence North 05°05'26" East a distance of 557.46 feet; thence North 89°12'06" West a distance of 166.93 feet; thence North 89°11'39" West a distance of 263.30 feet; thence North 89°11'54" West a distance of 269.56 feet; thence North 89°10'25" West a distance of 310.37 feet to the West margin of Blair Lane; thence North 08°56'21" East along the West margin of Blair Lane a distance of 417.81 feet; thence leaving Blair Lane South 86°19'16" East a distance of 379.40 feet; thence North 22°13'36" East a distance of 327.49 feet to the South margin of West Main Street; thence South 66°52'22" East along the South margin of West Main Street a distance of 98.81 feet; thence South 66°21'44" East along the South margin of West Main Street a distance of 269.10 feet; thence South 64°34'34" East along the South margin of West Main Street a distance of 99.23 feet; thence South 66°25'47" East along the South margin of West Main Street a distance of 419.76 feet; thence South 65°58'39" East along the South margin of West Main Street a distance of 386.02 feet to the Point of Beginning.

Being part of the property conveyed to National Medical Hospital of Wilson County, Inc., a Delaware corporation, from America Medicorp Development Co., a Delaware corporation, from American Medicorp Development Co., a Delaware corporation, by Deed of record in Deed Book 427, page 106, and Quitclaim Deed of record in Deed Book 427, page 107, Register's Office for Wilson County, Tennessee.

Tract II, III and VIII

Parcel A

EXHIBIT "A"

CONTINUED

A tract or parcel of land containing 12,109.0 square feet, 0.278 acres, more or less, lying in the 10th Civil District of Wilson County, City of Lebanon, Tennessee, and being more particularly described as follows:

Commence at a 1/2 inch rebar found at the Southwest intersection of East Spring Street and Park Avenue; thence North 84°52'36" West along the South margin of East Spring Street a distance of 397.02 feet to a 1/2 inch rebar found; thence North 22°58'14" East a distance of 50.34 feet to 1 inch flat iron rod found at or near the North margin of East Spring Street and to the Point of Beginning of the tract of land herein described; thence North 84°55'37" West a distance of 113.00 feet; thence North 17°58'04" West a distance of 70.52 feet; thence North 52°49'18" East a distance of 99.50 feet; thence South 32°05'12" East a distance of 102.80 feet; thence South 00°29'06" East a distance of 50.10 feet to the Point of Beginning.

Parcel B

A tract or parcel of land containing 334,489.3 square feet, 7.679 acres, more or less, lying in the 10th Civil District of Wilson County, City of Lebanon, Tennessee, and being more particularly described as follows:

BEGINNING at a 1/2 inch rebar found at the Southwest intersection of East Spring Street and Park Avenue; thence South 34°46'24" East along the Southwest margin of Park Avenue a distance of 463.93 feet to the Northwest corner of Harding Drive; thence with a curve turning to the right an arc length of 27.64 feet, a radius of 14.87 feet, a chord bearing of South 18°29'18" West, a chord length of 23.83 feet; thence South 71°53'05" West with the North margin of Harding Drive a distance of 341.79 feet; thence South 77°09'00" West with the North margin of Harding Drive a distance of 123.02 feet; thence South 87°32'54" West with the North margin of Harding Drive a distance of 140.41 feet; thence North 85°21'07" West with the North margin of Harding Drive a distance of 103.00 feet to a 1 inch pipe found; thence leaving Harding Drive North 05°39'59" East a distance of 256.05 feet to a 1 inch pipe found; thence North 83°36'28" West a distance of 23.66 feet; thence North 84°52'36" West a distance of 128.00 feet; thence North 06°06'26" East a distance of 314.78 feet to the South margin of East Spring Street; thence South 84°52'36" East along the South margin of East Spring Street a distance of 525.02 feet to the Point of Beginning.

Being part of the property conveyed to National Medical Hospital of Wilson County, Inc., a Delaware corporation, from Humana of Tennessee, Inc., a Tennessee corporation, by Deed of record in Deed Book 427, page 105, and Quitclaim Deed of record in Deed Book 427, page 108, and by Deed from James C. Bradshaw, Jr., Morris D. Ferguson, Alexander Chernowittz, and Stephen M. Neely, of record in Book 409, page 61, said Register's Office.

3 25

BK/PG: 1020/179-203

03212837

This instrument prepared by:
Anne H. Duncan, Esq.
McDermott, Will & Emery
18191 Von Karman Avenue, Suite 400
Irvine, CA 92612

25 PGS: AL - DEED	
JEWEL BATCH: 22115	
11/10/2003 - 03:40 PM	
VALUE	36000000.00
MORTGAGE TAX	0.00
TRANSFER TAX	133200.00
RECORDING FEE	125.00
DP FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	133328.00

RETURN TO:

Elizabeth Stehler
Harter, Secrest & Emery LLP
1600 Bausch & Lomb Place
Rochester, NY 14604

STATE OF TENNESSEE, WILSON COUNTY
JOHN B SPICKARD
REGISTER OF DEEDS

MAIL TAX STATEMENTS TO:

Lebanon HMA, Inc.
1411 W. Baddour Parkway
Lebanon, TN 37087-5213

Parcel Identification Number(s):

58 - 16.02, 16.03, 16.08 and 16.18
57 - 84, 84.01, 85, 86.01, 89 and 90
67E - A-3, 4, 5, ~~6~~ and 4.01
68E - E - 24

(SPACE ABOVE THIS LINE IS FOR RECORDER'S USE)

THIS LIMITED WARRANTY DEED, made as of October 30, 2003 to be effective on 12:01 a.m. November 1, 2003, by NATIONAL MEDICAL HOSPITAL OF WILSON COUNTY, INC., a Delaware corporation (the "Grantor"), whose post office address is 3820 State Street, Santa Barbara, California 93105, to LEBANON HMA, INC., a Tennessee corporation (the "Grantee"), whose post office address is: 5811 Pelican Bay Blvd., Suite 500, Naples, FL 34108.

(Wherever used herein the terms "Grantor" and "Grantee" include all the parties to this instrument and the heirs, legal representatives and assigns of individuals and assigns of corporations.)

WITNESSETH: That the Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and confirms unto the Grantee all that certain land, together with all improvements situated thereon, in WILSON County, State of TENNESSEE, viz:

SEE EXHIBIT "A" ATTACHED HERETO

[TENNESSEE - University #1]

ORC 322900-2.040201.0892

TOGETHER, with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

The actual consideration or value whichever greater, for this transaction is \$36,000,000.-

Subscribed and sworn to before me this ___ day of October, 2003.

He presented TXDL # 17265672

NATIONAL MEDICAL HOSPITAL OF WILSON COUNTY, INC

Affiant: Paul O'Neill

Notary Public: Rosa Alicia Lopez

My Commission expires: _____



This is unimproved () improved (✓) property, known as:

1616 W. MAIN ST. 1411 Baddour Pkwy Lebanon

(Number) (Street)

(P.O. Address)

(City or Town)

TO HAVE AND TO HOLD, the same in fee simple forever, subject to current taxes and other assessments, reservations in patents and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record, the Grantor hereby binds itself to warrant and defend the title as against all acts of the Grantor herein and no other.

IN WITNESS WHEREOF, the Grantor has executed this Limited Warranty Deed as of the date first written above.

NATIONAL MEDICAL HOSPITAL OF
WILSON COUNTY, INC.,
a Delaware corporation

By: Paul O'Neill
Printed Name: Paul O'Neill
Title: Vice President

3820 State Street
Santa Barbara, California 93105

STATE OF Florida)
COUNTY OF Miami-Dade) ss

Personally appeared before me, Rosa Alicia Lopez, a Notary Public in and for said County and State, Paul Onell, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the VP of the maker or a constituent of the maker and is authorized by the maker or by its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of the maker.

Witness my hand, at office, this 31 day of October, 2003.
He presented TXDL# 17265672

Notary Public

My Commission Expires:

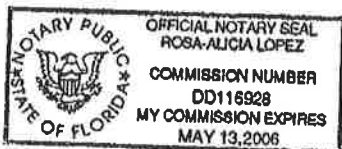


EXHIBIT "A"

LEGAL DESCRIPTION

**[TO BE ATTACHED FROM
COMMITMENT NO. 506931 TRACTS I, II, III AND V' and VIII']**

EXHIBIT "A"

Tract I

A tract of land in the Third Civil District of Wilson County, City of Lebanon, Tennessee, being designated as Tax Parcels 84, 85, 86.01, 89 and 90 on Tax Map 57 and being more particularly described together as follows:

Beginning at an existing iron pin on the southerly right-of-way line of West Main Street, U.S. Highway #70, said pin being the northeast corner of Tract No. 4 in present deed and also being the northwest corner of Parcel 1 on Tax Map 57-M, Group A, and also being N66°21'08"W, 273.61 feet from the westerly end of the westerly return curve of West Main Street and Trinity Lane as measured along the southerly right-of-way line of West Main Street; thence,

1. With the easterly line of Tract No. 4 and with the west line of Parcels 1 and 4, Tax Map 57-M Group A S7°56'14"W, 266.16 feet to an existing iron pipe; thence,
2. Continuing with the east line of Tract 4 S7°11'02"W, 145.38 feet to an iron pin set at the common corner of Tracts 4 and 5 of present deed and a corner of Trinity Baptist Church; thence,
3. With the east line of Tract No. 5 of present deed S8°47'20"W, 145.23 feet to an existing corner post; thence,
4. S7°24'52"W, 126.82 feet to an existing corner post, corner of Parcel 6 on Tax Map 57-M Group A and Trinity Baptist Church; thence,
5. S7°44'19"W, 142.19 feet to an existing iron pin in the north line of Lot No. 15 Win-Cate Subdivision as of record in Plan Book 4, Page 19, R.O.W.C., Tennessee; thence,
6. With the north line of Win-Cate Subdivision N84°58'23"W, 121.71 feet to an existing iron pin, corner of Lots 13 and 14; thence,
7. N84°50'28"W, 109.96 feet to an existing iron pin, corner of Lots 12 and 13; thence,
8. N85°32'07"W, 117.80 feet to an existing iron pin, northwest corner of Lot No. 12 and in the east line of Tract No. 5 of present deed; thence,
9. With the west line of Lot No. 12 S5°30'03"W, 143.49 feet to an existing iron pin on the northerly right-of-way line of Trinity Circle where it now ends; thence,
10. Crossing the end of Trinity Circle S5°34'50"W, 50.25 feet to an existing iron pin; thence,
11. With the west line of Lot No. 11 S5°48'30"W, 98.48 feet to an iron pin set common corner of Lots 10 and 11; thence,
12. With the west line of Lot No. 10 S5°15'49"W, 100.92 feet to an iron pin set common corner of Lots 9 and 10; thence,

EXHIBIT "A"
CONTINUED

Tract I

13. With the west line of Lot 9 $86^{\circ}30'40''W$, 19.72 feet to an existing iron pin; thence,
14. $S43^{\circ}59'28''W$, 42.33 feet to an existing iron pin; thence,
15. $S5^{\circ}44'23''W$, 14.14 feet to an iron pin set; thence,
16. $S00^{\circ}20'31''E$, 109.05 feet to an iron pin set common corner of Lots 8 and 9; thence,
17. $S2^{\circ}24'25''W$, 106.85 feet to an existing iron pin corner of Lot No. 8 and in the north line of Parcel 24 Tax Map 69 owned by Clyde and Jean Van Piaterson by deed recorded in Book 385, Page 83, R.O.W.C., Tennessee; thence,
18. With the north line of Parcel 24 as follows: $N82^{\circ}42'06''W$, 246.46 feet to a fence post; thence,
19. $N82^{\circ}44'12''W$, 179.06 feet to a fence post; thence,
20. $N82^{\circ}41'21''W$, 180.31 feet to a fence post; thence,
21. $N82^{\circ}28'06''W$, 209.23 feet to a fence post; thence,
22. $N82^{\circ}59'53''W$, 262.23 feet to an existing iron pin, southeast corner of Parcel 91.01 Tax Map 57; thence,
23. With the east line of Parcel 91.01 $N2^{\circ}39'53''E$, 140.38 feet to an existing iron pipe, corner of Parcels 91.01 and 92; thence,
24. With the east line of Parcel 92 $N2^{\circ}39'27''E$, 102.84 feet to an existing iron pin, common corner of Parcels 92 and 91; thence,
25. With the east line of Parcel 91 $N2^{\circ}23'55''E$, 113.62 feet to an existing iron pipe, northeast corner of Parcel 91; thence,
26. With the north line of Parcel 91 $N83^{\circ}18'11''W$, 262.57 feet to an existing iron pin on the easterly right-of-way line of Blair Lane; thence,
27. With the easterly right-of-way line of Blair Lane $N8^{\circ}32'41''E$, 641.63 feet to an iron pin set; thence,
28. Continuing with the easterly right-of-way line of Blair Lane $N10^{\circ}12'51''E$, 111.59 feet to an existing iron pipe, common corner of Tracts 1 and 5 of present deed; thence,
29. Continuing with the easterly right-of-way line of Blair Lane $N8^{\circ}57'28''E$, 495.15 feet to an existing iron pipe, westerly corner of Tract No. 1 of present deed; thence,
30. With the line of Tract No. 1 $S77^{\circ}07'59''E$, 305.56 feet to an existing iron pin; thence,

EXHIBIT "A"
CONTINUED

Tract I

31. Continuing with the westerly line of Tract No. 1 N22°14'53"E, 335.77 feet to an existing iron pin on the south right-of-way line of West Main Street, U.S. Highway 70 and being the northwesterly corner of Tract No. 1; thence,
32. With the south right-of-way line of West Main Street, U.S. Highway 70, S66°12'49"E, 102.39 feet to an existing iron pin, common corner of Tracts 1 and 3 of present deed; thence,
33. Continuing with the south right-of-way line of West Main Street, S66°27'28"E, 182.12 feet to an iron pin set; thence,
34. Continuing with the south right-of-way line of West Main Street, S66°15'39"E, 411.60 feet to an existing iron pin, common corner of Tracts 2 and 4 of present deed; thence,
35. Continuing with the south right-of-way line of West Main Street, S66°21'08"E, 648.87 feet to the point of beginning and containing 2,524,718 square feet or 57.960 acres, described according to Survey of Ragan-Smith Associates, Inc., dated May 26, 1992.

Being part of the property conveyed to National Medical Hospital of Wilson County, Inc., a Delaware corporation, from America Medicorp Development Co., a Delaware corporation, from American Medicorp Development Co., a Delaware corporation, by Deed of record in Deed Book 427, page 106, and Quitclaim Deed of record in Deed Book 427, page 107, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"
CONTINUED

Tract I

INCLUDED BUT EXCLUDED THEREFROM:

Parcel I

A tract or parcel of land situate and lying in the 3rd Civil District of Wilson County, Tennessee, and more particularly described according to a survey of Paul Burton Crockett, Tennessee Registered Surveyor No. 1394, dated April 20, 1994, Job Number 94-1745B-WC, of Lebanon, Tennessee, of record in Plat Book _____, page _____ as follows:

Beginning at a point in the easterly margin of Blair Lane, same being the northwesterly corner of Roger Lane, thence with the margin of Blair Lane North 05° 31' 44" East 265 feet to a point; thence South 85° 10' 32" East, 1354 feet to a point; thence South 05° 39' 11" West, 143.49 feet to a point; thence South 05° 34' 02" West, 50.25 feet to a point; thence South 05° 47' 42" West, 98.48 feet to a point; thence South 05° 15' 01" West, 100.92 feet to a point; thence South 05° 29' 50" West, 19.70 feet to a point; thence South 43° 36' 01" West, 42.34 feet to a point; thence South 06° 43' 15" West, 14.14 feet to a point; thence South 00° 21' 39" East, 109.05 feet to a point; thence South 02° 25' 17" West, 106.93 feet to a point; thence North 82° 42' 47" West, 246.46 feet to a point; thence North 82° 44' 40" West, 179.06 feet to a point; thence North 82° 41' 58" West, 180.31 feet to a point; thence North 82° 28' 43" West, 209.23 feet to a point; thence North 83° 00' 30" West, 262.43 feet to a point; thence North 02° 39' 31" East, 140.40 feet to a point; thence North 02° 39' 05" East, 102.86 feet to a point; thence North 02° 23' 32" East, 113.67 feet to a point; thence North 83° 18' 26" West, 262.57 feet to the point of beginning, and containing 17.94 acres, more or less.

Being the same property conveyed to Gordon Carroll, unmarried by deed of record in Book 436, page 283, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"
CONTINUED

Tract I

INCLUDED BUT EXCLUDED THEREFROM:

Parcel II

BEING a parcel of land in the Ninth Civil District of Wilson County, City of Lebanon, Tennessee, located on U.S. Highway 70 West of Trinity Lane, being a portion of the property conveyed to National Medical Hospital of Wilson County, Inc. of record in Deed Book 427, page 107, Register's Office for Wilson County, Tennessee, and being more particularly described as follows:

BEGINNING at a 1" pipe in the easterly margin of Blair Lane, said pipe being southerly 900 feet, more or less, along said margin from the south margin of U.S. Highway 70;

THENCE, leaving said easterly margin and severing the property of National Medical Hospital of Wilson County, Inc. the following calls:

South 89° 05' 08" East, 310.37 feet to a point;
South 89° 10' 37" East, 269.56 feet to a point;
South 89° 10' 22" East, 263.30 feet to a point;
South 89° 10' 49" East, 165.93 feet to an iron pin;
South 05° 06' 43" West, 557.45 feet to a point
in the northerly boundary of Woodhaven Subdivision of record in Plat Book 20, page 234, Register's Office for Wilson County, Tennessee;

THENCE, with said north line of Woodhaven Subdivision, North 85° 09' 54" West, 1040.00 feet to a point in the easterly margin of Blair Lane;

THENCE, with said easterly margin, North 06° 32' 14" East, 375.52 feet to an iron pin;

THENCE, continuing with said margin, North 10° 19' 41" East, 111.60 feet to the point of beginning, containing 534.585 square feet or 12.27 acres, more or less.

Being the same property conveyed to Greentree Pointe Limited Partnership by deed of record in Book 444, page 248, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"
CONTINUED

Tract I

INCLUDED BUT EXCLUDED THEREFROM:

Parcel III

Land located in the 3rd Civil District of Wilson County, Tennessee, and being Lot No. 3 as shown on a plat entitled "Resubdivision of the Clayborne & Driver Property and National Medical Hospital Property" of record in Plat Book 21, Page 333, in the Register's Office for Wilson County, Tennessee, to which plat reference is hereby made for a more complete description.

Being the same property conveyed to William Schenk, M.D., as to an undivided three-fourths (3/4) interest and Deanna Mengelberg, O.G.N.P., as to undivided one-fourth (1/4) interest, by deed of record in Book 451, page 913, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"
CONTINUED

Tract I

INCLUDED BUT EXCLUDED THEREFROM:

Parcel IV

A.

BEGINNING at a point located on the northwestern corner of the property, the common corner with property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, Register's Office for Wilson County, said point being on the southern existing right of way of State Route 24, and being 9.368 meters (30.74 feet) right of State Route 24 survey centerline station 10+025.824; thence south 65 degrees 44 minutes 52 seconds east along the existing right of way of State Route 24, and being 53.340 meters (175.00 feet), more or less, to a point located on the northeastern corner of the property owned; the common corner with the property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, and being 9.830 meters (32.25 feet) right of State Route 24 survey centerline station 10+079.094; thence south 18 degrees 09 minutes 30 seconds west along the common line 3.000 meters (9.84 feet), more or less, to a point on the common line, said point located also on the southern proposed right of way of State Route 24, and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+079.395; thence north 66 degrees 26 minutes 00 seconds west along the proposed right of way of State Route 24, and being 4.013 meters (13.17 feet), more or less, to a point 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+079.094; thence northwesterly with a curve to the left having a radius of 6,967.000 meters (22,857.61 feet) along the proposed right of way of State Route 24, and being 49.032 meters (160.87 feet), more or less, to a point located on the western line of the property owned, the common line with property owned by National Medical Hospital of Wilson County, Inc., and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+026.259; thence north 17 degrees 07 minutes 52 seconds east along the common line, and being 3.500 meters (11.48 feet), more or less, to the POINT OF BEGINNING, containing 181.200 square meters (1,951 square feet), more or less. BEING a portion of the same property conveyed to the Grantor of record in deed book 427, page 107, Register's Office for Wilson County.

EXHIBIT "A"
CONTINUED

Tract I

INCLUDED BUT EXCLUDED THEREFROM:

Parcel IV

B.

BEGINNING at a point located on the northwestern corner of the property, the common corner with property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, Register's Office for Wilson County, said point being on the southern existing right of way of State Route 24, and being 9.830 meters (32.25 feet) right of State Route 24 survey centerline station 10+079.094; thence south 67 degrees 16 minutes 59 seconds east along the existing right of way of State Route 24, and being 82.049 meters (269.19 feet), more or less, to a point located on the northeastern corner of the property owned, the common corner with the property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, and being 8.613 meters (28.26 feet) right of State Route 24 survey centerline station 10+161.135; thence south 17 degrees 07 minutes 52 seconds west along the common line 4.500 meters (14.76 feet), more or less, to a point on the common line, said point located also on the southern proposed right of way of State Route 24, and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+161.629; thence north 66 degrees 26 minutes 00 seconds west along the proposed right of way of State Route 24, and being 82.234 meters (269.80 feet), more or less, to a point located on the western line of the property owned, the common line with property owned by National Medical Hospital of Wilson County, Inc., and being 43.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+079.094; thence north 18 degrees 09 minutes 30 seconds east along the common line, and being 3.000 meters (9.84 feet), more or less, to the **POINT OF BEGINNING**, containing 310.600 square meters (3,343 square feet), more or less. **BEING** a portion of the same property conveyed to the Grantor of record in deed book 427, page 107, Register's Office for Wilson County.

Being the same property conveyed to the State of Tennessee by deed of record in Book 841, page 2055, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"
CONTINUED

Tract I

INCLUDED BY EXCLUDED THERE FROM:

Parcel V:

A.

BEGINNING at a point located on the northwestern corner of the property, the common corner with property owned by William D. Schenk, et al. of record in Books 407, 429, 451, Pages 256, 076, 913, respectively, Register's Office for Wilson County, said point being on the southern existing right of way of State Route 24, and being 9.117 meters (29.91 feet) right of State Route 24 survey centerline station 9+867.702; thence south 65 degrees 22 minutes 33 seconds east along the existing right of way of State Route 24, and being 30.351 meters (99.58 feet), more or less, to a point located on the northeastern corner of the property owned, the common corner with the property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, and being 9.307 meters (30.54 feet) right of State Route 24 survey centerline station 9+898.053; thence south 23 degrees 13 minutes 40 seconds west along the common line 3.700 meters (12.14 feet), more or less, to a point on the common line, said point located also on the southern proposed right of way of State Route 24, and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 9+898.120; thence north 65 degrees 44 minutes 03 seconds west along the proposed right of way of State Route 24, and being 30.328 meters (99.50 feet), more or less, to a point located on the western line of the property owned, the common line with property owned by William D. Schenk, et al., and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 9+867.792; thence north 22 degrees 56 minutes 27 seconds east along the common line, and being 3.900 meters (12.80 feet), more or less, to the POINT OF BEGINNING, containing 114.900 square meters (1,237 square feet), more or less. BEING a portion of the same property conveyed to the Grantor of record in deed book 427, page 107, Register's Office for Wilson County.

EXHIBIT "A"
CONTINUED

Tract I

INCLUDED BUT EXCLUDED THEREFROM:

Parcel V

B.

BEGINNING at a point located on the northwestern corner of the property, the common corner with property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, Register's Office for Wilson County, said point being on the southern existing right of way of State Route 24, and being 9.307 meters (30.54 feet) right of State Route 24 survey centerline station 9+898.053; thence south 65 degrees 44 minutes 52 seconds east along the existing right of way of State Route 24, and being 127.819 meters (419.35 feet), more or less, to a point located on the northeastern corner of the property owned, the common corner with the property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, and being 9.368 meters (30.74 feet) right of State Route 24 survey centerline station 10+025.824; thence south 17 degrees 07 minutes 52 seconds west along the common line 3.500 meters (11.48 feet), more or less, to a point on the common line, said point located also on the southern proposed right of way of State Route 24, and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+026.259; thence north 65 degrees 44 minutes 03 seconds west along the proposed right of way of State Route 24, and being 92.092 meters (302.14 feet), more or less, to a point located on the western line of the property owned, the common line with property owned by National Medical Hospital of Wilson County, Inc., and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 9+898.120; thence north 23 degrees 13 minutes 40 seconds east along the common line, and being 3.700 meters (12.14 feet), more or less, to the POINT OF BEGINNING, containing 473.600 square meters (5,097 square feet), more or less. BEING a portion of the same property conveyed to the Grantor of record in deed book 427, page 107, Register's Office for Wilson County.

Being the same property conveyed to the State of Tennessee by deed of record in Book 841, page 2058, as corrected in Book 878, page 1003, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"
CONTINUED

Tract I

INCLUDED BUT EXCLUDED THEREFROM:

Parcel VI

BEGINNING at a point located on the northwestern corner of the property, the common corner with property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, Register's Office for Wilson County, said point being on the southern existing right of way of State Route 24, and being 8.613 meters (28.26 feet) right of State Route 24 survey centerline station 10+161.135; thence south 66 degrees 15 minutes 23 seconds east along the existing right of way of State Route 24, and being 115.566 meters (379.15 feet), more or less, to a point located on the northeastern corner of the property owned, the common corner with the property owned by Mauricio A. Consiglio and Norma Consiglio of record in Book 423, Page 612, and being 8.969 meters (29.43 feet) right of State Route 24 survey centerline station 10+276.700; thence south 07 degrees 52 minutes 44 seconds west along the common line 4.000 meters (13.12 feet), more or less, to a point on the common line, said point located also on the southern proposed right of way of State Route 24, and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+277.832; thence north 66 degrees 26 minutes 00 seconds west along the proposed right of way of State Route 24, and being 116.203 meters (381.24 feet), more or less, to a point located on the western line of the property owned, the common line with property owned by National Medical Hospital of Wilson County, Inc. and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+277.832; thence north 11 degrees 07 minutes 52 seconds east along the common line, and being 4.500 meters (14.76 feet) to the POINT OF BEGINNING, containing 487.600 square meters (5,248 square feet) of the same property conveyed to the Grantor of record in deed book 427, page 107, Register's Office for Wilson County.

Being the same property conveyed to the State of Tennessee by deed of record in Book 841, page 2064, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"
CONTINUED

TRACT II

Land in the 10th Civil District of Wilson County, City of Lebanon, Tennessee, being described by metes and bounds as follows:

BEGINNING on an iron pipe, being located at the intersection of the southerly right of way line of East Spring Street and the southwesterly right of way line of Park Avenue; THENCE South 34°52'27" East, along said Southwesterly right of way line, a distance of 463.94 feet to an iron pipe; THENCE along a curve to the right, having a radius of 14.84 feet, a central angle of 106°49'00", sub-tended by a chord bearing South 18°29'03" West 23.83 feet, a distance of 27.66 feet, to an iron pipe on the northerly right of way line of Harding Drive; THENCE South 71°52'50" West, along said Northerly right of way line, a distance of 341.79 feet; THENCE South 77°08'45" West a distance of 123.02 feet; THENCE South 87°32'39" West a distance of 140.41 feet; THENCE North 85°21'22" West a distance of 103.00 feet to an iron pipe; THENCE leaving said Northerly right of way line of Harding Drive, North 05°39'59" East, with line of Wilson County property, a distance of 255.82 feet to an iron pipe; THENCE North 85°00'22" West a distance of 23.66 feet to an iron pipe; THENCE North 05°55'59" East, with line of Hankins property, a distance of 314.78 to an iron pipe on the Southerly right of way line of East Spring Street; THENCE South 84°55'37" East, along said Southerly right of way line, a distance of 397.36 feet to the POINT OF BEGINNING. Containing 223,921 square feet or 6.7475 acres, more or less.

TRACT III

Land in Wilson County, Tennessee, being a tract of land situated on the North boundary of East Spring Street, City of Lebanon, 10th Civil District of Wilson County, Tennessee, and more particularly described as follows:

BEGINNING on an iron pipe, 300 feet from Park Avenue, in the North boundary of East Spring Street; THENCE North 85°03'00" West, along said North boundary, a distance of 113.00 feet to an iron pipe; THENCE North 14°45'47" West, with line of Bryant property, a distance of 70.52 feet to an iron pipe; THENCE North 53°55'00" East, with line of Chamizo property, a distance of 99.50 feet to an iron pipe; THENCE South 32°17'00" East, with line of Keller property, a distance of 99.40 feet to an iron pipe; THENCE South 03°13'00" West a distance of 52.60 feet to the POINT OF BEGINNING. Containing 12,228 square feet or 0.2807 acres, more or less.

Being part of the property conveyed to National Medical Hospital of Wilson County, Inc., a Delaware corporation, from Humana of Tennessee, Inc., a Tennessee corporation, by Deed of record in Deed Book 427, page 105, and Quitclaim Deed of record in Deed Book 427, page 108, said Register's Office.

EXHIBIT "A"
CONTINUED

TRACT V

Parcel 1

A tract or parcel of land situated and lying on the northerly side of U.S. Highway 70 By-pass (known also as WEST HIGH STREET and as MADDOUR PARKWAY) in the 3rd Civil District of Wilson County, Tennessee, northwest of the City limits of LEBANON, described as follows:

BEGINNING at an iron pin on the northerly margin of said U.S. Highway 70 By-pass, said iron pin being located 263.58 feet in a westerly direction from a concrete highway monument, which iron pin is also located at the easterly corner of the intersection of the driveway with said U.S. Highway 70 By-pass, and running thence in a westwardly direction across the mouth of the driveway, following the northerly boundary line of said U.S. Highway 70 By-pass and the curvature thereof, which curve has a delta of 3 degrees 13 minutes 39 seconds, a radius of 1999.86 feet, an arc length of 110.40 feet, a chord of 110.39 feet and a tangent of 55.22 feet, to an iron pin at the westerly corner of the intersection of said driveway with U.S. Highway 70 By-pass; thence to the right with the westerly arc of intersection, the same having a delta of 98 degrees 39 minutes 51 seconds, a radius of 25 feet, arc length of 43.05 feet, a chord of 37.93 feet and a tangent of 29.10 feet, to an iron pin in the westerly margin of said driveway; thence with the westerly margin of the driveway due North 415.41 feet to an iron pin; thence due East 60 feet to an iron pin; thence due North 246.54 feet to an iron pin; thence due East 135 feet to an iron pin; thence due North 230 feet to an iron pin; thence due South 713.61 feet to an iron pin; thence due West 120.00 feet to an iron pin; thence due North 75 feet to an iron pin; thence due West 245 feet to an iron pin in the easterly margin of said driveway; thence with the easterly margin of the driveway due South 373.30 feet to an iron pin at the beginning of the easterly arc of the intersection of the driveway with U. S. Highway 70 By-pass; thence to the left with the arc of the intersection, the same having a delta of 78 degrees 06 minutes 30 seconds, a radius of 25 feet, arc length of 34.08 feet, chord of 31.30 feet, and tangent of 20.28 feet, to the point of beginning, containing 3.751 acres, more or less, according to survey of CUMBERLAND ENGINEERS, INC., dated June 10, 1920, being Tracts E, J and K on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Being the same property conveyed to American Healthcorp of Wilson County, Inc., a Delaware corporation by deed from The Health & Educational Facilities Board of Wilson County, Tennessee, of record in Book 385, page 494, Register's Office for Wilson County, Tennessee. American Healthcorp of Wilson County, Inc now being National Medical Hospital of Wilson County, Inc.

EXHIBIT "A"
CONTINUED

TRACT V

Parcel 2

A tract or parcel of land located in the 10th Civil District of Wilson County, Tennessee, outside the city limits of the City of Lebanon, being a part of Tract D and Tract O shown on the plat of record in Book 10, page 608, Register's Office for Wilson County, Tennessee and described according to a survey dated August 23, 1982 made by Clay Dyer Couch, Jr., Registered Land Surveyor No. 131, as follows:

BEGINNING at a point in University Investors, Ltd.'s south line of their remaining property at the northeast corner of the nursing home property; thence, due East 340.91 feet to an iron pin; thence, South 0° 33' W 33.85 feet to an iron pin; thence, South 40° 54' East 76.10 feet to an iron pin in the north boundary line of the University Medical Center property; thence, due West 197.85 feet to an iron pin; thence, due South 147.53 feet to a mark on the sidewalk, 1.30 feet off the west wall of the hospital and 1.61 feet off the north wall of the hospital; thence, due West 1 foot to an iron pin, near the corner of the building; thence, due South 51 feet to a point inside the corridor between the hospital and the nursing home; thence, due East 4 feet to a point also inside said corridor; thence, due South 21 feet to an iron pin, 2.45 feet off the west wall of the hospital; thence, due West 150 feet to an iron pin; thence, due North through the said corridor and just east of a paved parking lot 311.61 feet to the beginning, containing 1.840 acres, more or less.

Being the same property conveyed to American Healthcorp of Wilson County, Inc., a Delaware corporation by deed from University Investors, Ltd., a Tennessee limited partnership, of record in Book 385, page 740, Register's Office for Wilson County, Tennessee. American Healthcorp of Wilson County, Inc now being National Medical Hospital of Wilson County, Inc.

EXHIBIT "A"
CONTINUED

TRACT V

Parcel 3

A tract or parcel of land with UNIVERSITY MEDICAL CENTER HOSPITAL located thereon in the 3rd Civil District of Wilson County, Tennessee, northwest of the City Limits of Lebanon, the same being described in various tracts as hereinafter set out and designated as Tract No. 1, Tract No. 2, Tract No. 3, Tract No. 4, and Tract "A", as covered by deed to The Health and Educational Facilities Board of Wilson County, Tennessee, which is of record in Deed Book 341, page 259, Register's Office of Wilson County, Tennessee, and also the Tracts designated as A, C, H, and I in the deed to said Board dated July 31, 1980, and recorded in Deed Book 378, page 474, of said Register's Office. Said property, as set forth in the foregoing, is described as follows:

Being tracts 1, 2, 3, 4 and "A" of the survey drawing made on August 1, 1978, by Robert Lon Spears, Tennessee Registered Land Surveyor No. 126, which survey drawing is shown for record in Deed Book 341, page 212, Register's Office for Wilson County, Tennessee.

TRACT NO. 1: Beginning at a point on the northerly right-of-way of Faddour Parkway; thence with said right-of-way North 70 degrees 24 minutes 04 seconds West, 100.00 feet to a point; thence leaving said right-of-way North 19 degrees 55 minutes 56 seconds East 503.99 feet to a point; thence Due East 32.10 feet to a point; thence Due North 299.26 feet to a point; thence Due East 50.00 feet to a point; thence Due South 233.66 feet to a point; thence Due East 180.13 feet to a point; thence Due North 202.39 feet to a point; thence South 83 degrees 50 minutes 40 seconds East, 50.29 feet to a point; thence Due South 197.20 feet to a point; thence Due East 83.94 feet to a point on the westerly right-of-way of Babb Drive; thence with said right-of-way South 6 degrees 09 minutes 20 seconds West, 50.29 feet to a point; thence leaving said right-of-way Due West 279.07 feet to a point; thence South 19 degrees 55 minutes 56 seconds West, 556.16 feet to the point of beginning, and containing 2.138 acres, more or less, according to said survey.

TRACT NO. 2: Beginning at a point on the westerly right-of-way of Babb Drive; thence leaving said right-of-way Due West 135.00 feet to a point; thence Due South 225.99 feet to a point; thence North 83 degrees 50 minutes 40 seconds West, 20.01 feet to a point; thence Due North 100.00 feet to a point; thence North 40 degrees 54 minutes West, 277.63 feet to a point; thence Due East 345.95 feet to a point on the westerly right-of-way of Babb Drive; thence with said right-of-way South 6 degrees 09 minutes 20 seconds West, 86.50 feet to the point of beginning, and containing 0.856 acre, more or less, according to said survey.

TRACT NO. 3: Beginning at a point on the westerly right-of-way of Babb Drive; thence leaving said right-of-way North 83 degrees 50 minutes 40 seconds West, 104.60 feet to a point; thence Due North 80.29 feet to a point; thence South 83 degrees 50 minutes 40 seconds East, 100.99 feet to a point on the westerly right-of-way of Babb Drive; thence with said right-of-way South 6 degrees 09 minutes 20 seconds West, 50.00 feet to the point of beginning, and containing 0.173 acre, more or less, according to said survey.

TRACT NO. 4: Beginning at a point on the westerly side of Tract "A", said point being 1 foot, more or less, East of the East wall of the Hospital Building (under construction); thence Due North 25.00 feet to a point on the Loading Dock; thence Due East 125.00 feet to a point; thence South 40 degrees 54 minutes East, 33.08 feet to a point; thence Due West 146.66 feet to the

EXHIBIT "A"
CONTINUED

TRACT V

Parcel 3

point of beginning, and containing 0.078 acres, more or less, according to said survey.

TRACT "A": Beginning at a point, said point being North 83 degrees 50 minutes 40 seconds West, 104.60 feet from the westerly right-of-way of Babb Drive; thence North 83 degrees 50 minutes 40 seconds West, 70.30 feet to a point; thence Due North 110.00 feet to a point; thence North 40 degrees 54 minutes 10 seconds West, 63.00 feet to a point; thence Due West 25.00 feet to a point on the loading dock of the Hospital building (under construction); thence running parallel with the wall of the Hospital Building Due South 44.83 feet to a point; thence Due West 32.38 feet to a point; thence South 45 degrees 00 minutes West, 31.29 feet to a point; thence Due South 51.43 feet to a point; thence South 45 degrees 00 minutes East, 16.73 feet to a point; thence Due South 299.26 feet to a point; thence Due West 629.19 feet to a point; thence North 4 degrees 18 minutes 30 seconds East, 112.51 feet to a point being the beginning of a curve to the right; thence with said curve having a radius of 450.00 feet and in a general northerly direction a distance of 247.01 feet to a point; thence North 35 degrees 45 minutes 00 seconds East, 318.64 feet to a point at the beginning of a curve to the left; thence with said curve having a radius of 450.00 feet and in a general northerly direction 232.02 feet to a point; thence South 83 degrees 46 minutes 55 seconds East, 310.00 feet to a point; thence South 6 degrees 13 minutes 05 seconds West, 98.65 feet to a point; thence South 40 degrees 54 minutes East, 353.62 feet to a point; thence Due South 100.00 feet to a point; thence South 83 degrees 50 minutes 40 seconds East, 20.01 feet to a point; thence Due South 50.29 feet to the point of beginning, and containing 9.877 acres, more or less, according to said survey.

The foregoing Tracts 1, 2, 3, 4, and "A" are the ones covered by the aforesaid deed recorded in Deed Book 341, page 259, Register's Office for Wilson County, Tennessee.

INCLUDED IN THE FOREGOING DESCRIPTIONS, BUT EXPRESSLY EXCLUDED FROM THIS DESCRIPTION are Tracts B, C, D, E, and F, totalling 5.178 acres, as referred to in the plat recorded in Plat Book 16, page 609, of said Register's Office, and which were conveyed by deed recorded in Deed Book 378, page 454, of said Register's Office, described as follows:

Tract "B": Beginning at an iron pin on the east edge of a drive; thence due North along said drive 50.29 feet to an iron pin; thence South 83 degrees 50 minutes 40 seconds East, 109.98 feet to an iron pin on the west right-of-way of Babb Drive; thence along said right-of-way South 06 degrees 09 minutes 10 seconds West, 50.00 feet to an iron pin; thence North 83 degrees 50 minutes 40 seconds West, 104.60 feet to the point of beginning, being 0.123 acre, more or less, and being Tract "B" as shown on the plat recorded in Plat Book 16, page 609, Register's Office for Wilson County, Tennessee.

Tract "C": Beginning at an iron pin on the west right-of-way of Babb Drive; thence along the north edge of a drive due West 138.78 feet to an iron pin; thence due North 50.93 feet to an iron pin; thence due West 201.61 feet to a point; thence North 40 degrees 54 minutes 00 seconds West, 0.10 feet to a point; thence due East 345.95 feet to a point on the West right-of-way of Babb Drive; thence along said right-of-way South 06 degrees 09 minutes 20 seconds West, 51.30 feet to the point of beginning, being 0.166 acre, more or less, and being Tract "C" as shown on the plat recorded in Plat Book 16, page 609, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"
CONTINUED

TRACT V

Parcel 3

Tract "D": Beginning at an iron pin due West of the existing hospital; thence due East 150.00 feet to a point; thence due North 21.00 feet to a point; thence due West 8.00 feet to a point; thence due North 41.00 feet to a point; thence due East 87.00 feet to a point; thence due North 148.53 feet to an iron pin; thence due East 197.85 feet to a point; thence due North 40 degrees 54 minutes 00 seconds West, 76.08 feet to a point; thence North 05 degrees 13 minutes 05 seconds East, 98.65 feet to a point; thence North 83 degrees 16 minutes 50 seconds West, 310.00 feet to a point; thence along an arc having the following: Delta = 28 degrees 57 minutes 39 seconds, Radius = 450.00 feet, Arc length = 227.46 feet, Chord = 225.05 feet, Tangent = 116.21 feet to a point; thence due South 199.18 feet to the point of beginning, being 2.350 acres, more or less, and being Tract "D" as shown on the plat recorded in Plat Book 15, page 609, Register's Office of Wilson County, Tennessee.

Tract "E": Beginning at an iron pin due West of the existing hospital; thence due South 400.00 feet to an iron pin; thence due West 120.00 feet to an iron pin; thence due North 75.00 feet to an iron pin; thence due West 134.88 feet to a point; thence North 04 degrees 18 minutes 30 seconds East 32.83 feet to a point; thence along an arc having the following: Delta = 31 degrees 26 minutes 59 seconds, Radius = 450.00 feet, Arc length = 247.00 feet, Chord = 243.92 feet, Tangent = 129.70 feet to a point; thence North 35 degrees 45 minutes 33 seconds East 318.64 feet to a point; thence along an arc having the following: Delta = 00 degrees 34 minutes 51 seconds, Radius = 450.00 feet, Arc length = 4.56 feet, Chord = 4.56 feet, tangent = 2.28 feet to a point; thence due South 199.18 feet to the point of beginning, being 2.257 acres, more or less, and being Tract "E" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Tract "F": Beginning at an iron pin; thence due North 75.00 feet to an iron pin; thence due West 134.88 feet to a point; thence South 04 degrees 18 minutes 30 seconds West 79.70 feet to a point; thence due East 160.93 feet to the point of beginning, being 0.280 acre, more or less, and being Tract "F" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Also included in this description are the aforesaid Tracts A, G, H and I as covered by the aforesaid deed recorded in Deed Book 378, page 454, Register's Office of Wilson County, Tennessee, and which are fully described on the plat which is of record in Plat Book 16, page 609, of said Office.

Tract "A": Beginning at a point near the Hospital driveway; thence due East 50.00 feet to a point; thence due South 233.66 feet to a point; thence due East 180.13 feet to an iron pin; thence due North 202.39 feet to a point; thence North 83 degrees 50 minutes 36 seconds West 20.01 feet to a point; thence due North 110.00 feet to a point; thence North 40 degrees 54 minutes 00 seconds West 31.92 feet to a point; thence due West 146.66 feet to a point; thence due South 19.63 feet to a point; thence due West 32.38 feet to a point; thence South 45 degrees 00 minutes 00 seconds West 31.25 feet to a point; thence due South 51.43 feet to a point; thence South 45 degrees 00 minutes 00 seconds East 16.73 feet to the point of beginning, being 1.451 acres, more or less, and being Tract "A" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Tract "G": Beginning at an iron pin on the north right-of-way of the U.S. 70 Bypass; thence along said right-of-way North 70 degrees 24 minutes 04 seconds West 253.51 feet to a

EXHIBIT "A"
CONTINUED

TRACT V

Parcel 3

monument; thence North 02 degrees 25 minutes 09 seconds East 394.58 feet to an iron pin; thence due East 391.35 feet to a point; thence South 19 degrees 34 minutes 56 seconds West 503.99 feet to the point of beginning, being 1.210 acres, more or less, and being Tract "C" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Tract "H": Beginning at an iron pin on the north right-of-way of the U.S. 70 Bypass; thence along said right-of-way South 70 degrees 24 minutes 04 seconds East 71.10 feet to a monument; thence North 12 degrees 04 minutes 20 seconds East 542.78 feet to an iron pin; thence South 19 degrees 35 minutes 56 seconds West 538.1 feet to the point of beginning, being 0.439 acre, more or less, and being Tract "H" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Tract "I": Beginning at an iron pin on the south edge of a drive; thence due East along said drive 200.52 feet to an iron pin; thence due South 17.00 feet to an iron pin; thence due West 206.58 feet to an iron pin; thence North 19 degrees 35 minutes 56 seconds East 18.05 feet to a point of beginning, being 0.080 acre, more or less, and being Tract "I" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Being part of the same property conveyed to The Health & Educational Facilities Board of Wilson County, Tennessee, by deeds from University Medical Center, Inc., and/or University Investors, Ltd., of record in Deed Book 324, page 102, Deed Book 341, page 159, and Deed Book 378, page 474, as corrected by instrument of record in Deed Book 384, page 967, said Register's Office.

Being the same property conveyed to American Healthcorp of Wilson County, Inc., a Delaware corporation by deed from The Health and Educational Facilities Board of Wilson County, Tennessee, a Tennessee public corporation, of record in Book 392, page 51, Register's Office for Wilson County, Tennessee. American Healthcorp of Wilson County, Inc now being National Medical Hospital of Wilson County, Inc.

EXHIBIT "A"
CONTINUED

TRACT V

Parcel 4

A.

Being Tract No. 2 as shown on the Final Subdivision Plan, Section II, University Investors, Ltd. Property, recorded in Plat Book 20, Page 396, Register's Office for Wilson County, Tennessee, to which plat reference is hereby made for a more complete description of said property.

B.

Being Tract Nos. 3 and 4 as shown on the Final Subdivision Plan, Section III, University Investors, Ltd. Property, recorded in Plat Book 20, page 434, Register's Office for Wilson County, Tennessee, to which plat reference is hereby made for a more complete description of said property.

Being the same property conveyed to National Medical Hospitals of Wilson County, Inc., d/b/a University Medical Center by deed from University Investors, Ltd., a Tennessee Limited Partnership of record in Book 440, page 178, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"
CONTINUED

TRACT V

INCLUDED BUT EXCLUDED THEREFROM:

Parcel 1

A tract or parcel of land situated and lying in the Third (3rd) Civil District of Wilson County, Tennessee, containing 0.917 acres, more or less, and being Lot 1 on the Subdivision Plat of University Medical Center as recorded in Plat Book 18, Page 320, Register's Office of Wilson County, Tennessee, to which plat reference is here made for a more particular description.

Being the same property conveyed to NME Hospitals, Inc. by quitclaim deed from National Medical Hospital of Wilson County, Inc. of record in Book 432, page 55, Register's Office for Wilson County, Tennessee. NME Hospitals, Inc. now being Tenet Healthsystem Hospitals, Inc.

Parcel 2

Beginning at a point in the existing west margin of Babb Drive, said point being 32.85 feet left of Babb Drive proposed centerline station 5+390.50; thence with said existing southerly 434 feet, more or less to a point; thence with the existing northwest margin of said road having a curve right and southwesterly 82.55 feet to a point, said point being 56.88 feet left of Babb Drive proposed centerline station 5+243.50; thence with the proposed west margin of said road (1) north 27 degrees 45 minutes 34 seconds east 57.50 feet (2) north 10 degrees 33 minutes 19 seconds east 132.19 feet (3) north 12 degrees 51 minutes 56 seconds east 130.51 feet (4) north 08 degrees 16 minutes 54 seconds east 130.08 feet (5) north 22 degrees 13 minutes 52 seconds east 35.40 feet to the point of beginning and containing 0.125 acres and being part of the same property conveyed by The Health & Educational Board of Wilson County, Tennessee to American Health Corporation of Wilson County, Inc., d/b/a University Medical Center as of record in Book 392, Page 51, Register's Office of Wilson County, Tennessee.

Being the same property conveyed to the State of Tennessee by deed from National Medical Hospital of Wilson County, Inc. successor to American Healthcorp of Wilson County, Inc. a Delaware corporation of record in Book 448, page 733, Register's Office for Wilson County, Tennessee.

TRACT VIII

Beginning on an iron pipe in the southerly margin of Spring Street, said pipe being the northeast corner of the Bryant property and the northwest corner of the property herein described; thence with said margin of Spring Street South $84^{\circ} 15' 53''$ East 128.07 feet to an iron pin, said pin being the northwest corner of the Humana McFarland Hospital property and the northeast corner of the property herein described; thence leaving the southerly margin of Spring Street and running South $05^{\circ} 56' 00''$ West 315 feet to an iron pipe, said pipe being a common corner of the Humana McFarland Hospital and Wilson County Board of Education properties and the southeast corner of the property herein described; thence running North $83^{\circ} 59' 31''$ West 128.73 feet to an iron pipe, said pipe being a common corner of the Wilson County Board of Education and the Bryant property and being the southwest corner of the property herein described; thence North $06^{\circ} 03' 17''$ East 314.39 feet to the point of beginning, containing 0.93 acres, more or less, and described according to the "as-Built Survey of East Spring Street Clinic" dated January 20, 1988, revised February 2, 1988, by Crockett Surveying, Lebanon, Tennessee, and being all of the same property conveyed to the Grantors as set forth below.

Being the same property conveyed to National Medical Hospital of Wilson County, Inc., d/b/a University Medical Center, a Delaware corporation, by a deed from James C. Bradshaw, Jr., Morris D. Ferguson, Alexander Chernowitz, and Stephen M. Neely, dated April 13, 1988 and recorded in Deed Book 409, page 61, in the Register's Office for Wilson County, Tennessee.

5 11

This instrument prepared by:
Anne H. Duncan, Esq.
McDermott, Will & Emery
18191 Von Karman Avenue, Suite 400
Irvine, CA 92612

BK/PG:1020/210-216

03212839

7 PGS : AL - DEED	
JEWEL BATCH: 22115	
11/10/2003 - 03:40 PM	
VALUE	1000000.00
MORTGAGE TAX	0.00
TRANSFER TAX	3700.00
RECORDING FEE	35.00
DP FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	3738.00

STATE OF TENNESSEE, WILSON COUNTY

JOHN B SPICKARD
REGISTER OF DEEDS

RETURN TO:

Elizabeth Stehler
Harter, Secrest & Emery LLP
1600 Bausch & Lomb Place
Rochester, NY 14604

MAIL TAX STATEMENTS TO:

Lebanon HMA, Inc.
1411 W. Baddour Parkway
Lebanon, TN 37087-5213

Parcel Identification Number(s):

58-16.10, 16.13, 16.04

(SPACE ABOVE THIS LINE IS FOR RECORDER'S USE)

THIS LIMITED WARRANTY DEED, made as of October 30, 2003 to be effective on 12:01 a.m. November 1, 2003, by TENET HEALTHSYSTEM HOSPITALS, INC., a Delaware corporation (the "Grantor"), whose post office address is 3820 State Street, Santa Barbara, California 93105, to LEBANON HMA, INC., a Tennessee corporation (the "Grantee"), whose post office address is: 5811 Pelican Bay Blvd., Suite 500, Naples, FL 34108.

(Wherever used herein the terms "Grantor" and "Grantee" include all the parties to this instrument and the heirs, legal representatives and assigns of individuals and assigns of corporations.)

WITNESSETH: That the Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and confirms unto the Grantee all that certain land, together with all improvements situated thereon, in WILSON County, State of TENNESSEE, viz:

SEE EXHIBIT "A" ATTACHED HERETO

[TENNESSEE - University #2]

ORC 322903-2.040201.0892

TOGETHER, with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

The actual consideration or value whichever greater, for this transaction is \$1,000,000.00
Subscribed and sworn to before me this 31 day of October, 2003.

ble presented tx #1617265672. Tenet Healthsystem Hospitals, Inc.

Affiant: Paul O'Neill

Notary Public: Katherine M. Otero

My Commission expires: 4/12/07

(Affix Seal)



This is unimproved () improved (✓) property, known as:

1411 Baddock Parkway, Lebanon, TN

(Number) (Street)

(P.O. Address)

(City or Town)

TO HAVE AND TO HOLD, the same in fee simple forever, subject to current taxes and other assessments, reservations in patents and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record, the Grantor hereby binds itself to warrant and defend the title as against all acts of the Grantor herein and no other.

IN WITNESS WHEREOF, the Grantor has executed this Limited Warranty Deed as of the date first written above.

TENET HEALTHSYSTEM HOSPITALS,
INC., a Delaware corporation

By: Paul O'Neill

Printed Name: Paul O'Neill

Title: Chairman

3820 State Street
Santa Barbara, California 93105

STATE OF FLORIDA)
COUNTY OF MIAMI-DAD) SS

Personally appeared before me, KATHERINE M. OTERO, a Notary Public in and for said County and State, PAUL O'NEILL, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the V-P of the maker or a constituent of the maker and is authorized by the maker or by its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of the maker.

Witness my hand, at office, this 31st day of October, 2003.

He presented TX BIL 17265672.
My Commission Expires: 1/12/07 Notary Public

KATHERINE M. OTERO



EXHIBIT "A"

LEGAL DESCRIPTION

[TO BE ATTACHED FROM
COMMITMENT NO. 506931 TRACT VI]

EXHIBIT "A"
CONTINUED

TRACT VI

Parcel 1

A.

Being Lots "P", "L" and "M" of the Revision Plat of University Medical Center, Inc., and University Investors, LTD, property of record in Plat Book 16, page 609, and revised in Plat Book 16, page 978, Register's Office, Wilson County, Tennessee, and being more particularly described according to a survey by J. Bruce Rainey, Surveyor #823, dated January 3, 1985, and known as Job No. 84-403, as follows:

Beginning at an iron pin set in the Northerly margin of West High Street being 801.22' more or less westerly from the center line of Babb Street, thence with the margin of said West High Street with a curve to the left, having a radius of 1,959.86', and a long chord of 263.74', said chord having a bearing of N74 degrees 15'16"W, a distance along the curve of 263.94' to a set iron pin, thence leaving the margin of said West High Street with a turnout curve to the right, having a radius of 25.00', and a long chord of 31.51', said chord having a bearing of N 39 degrees 03'00"W, a distance along the curve of 34.09' to a set iron pin; thence N00 degrees 00'45"E 377.06' to an iron pin; thence N 89 degrees 59' 40" E 245.08' to an existing iron pin; thence N 89 degrees 59'36"E 45.05' to an iron pin; thence S 02 degrees 22'17"W 398.49' to the point of beginning, containing 2.74 acres (119,204 square feet) more or less.

B.

Being part of the Lot "D" of the Revision Plat of University Medical Center, Inc., and University Investors, LTD, property of record in Plat Book 16, page 609 and revised in Plat Book 16, page 978, Register's Office, Wilson County, Tennessee, and being more particularly described according to a survey by J. Bruce Rainey, Surveyor #823, dated January 3, 1985 and known as Job No. 84-403 as follows:

Beginning at an existing iron pin in the Easterly margin of a future 60 foot wide road, the southwesterly corner of this tract and also being the northwesterly corner of Lot "N" of said Revised Plat of University Medical Center, Inc., and University Investors LTD, property, thence with said road N 43 degrees 04'34"E 171.00' to an existing pin; thence leaving the road S 83 degrees 51'36"E 521.02' to an existing iron pin; thence S 06 degrees 09'38"W 82.92' to an existing iron pin; thence S 89 degrees 59'34"W 610.65' to an existing nail and cap; thence continuing S 89 degrees 54'01"W 77.07' to the point of beginning, containing 1.40 acres (61,178 square feet) more or less.

EXHIBIT "A"
CONTINUED

TRACT VI

Parcel 1

C.

Being Lot "N" of the Revision Plat of University Medical Center, Inc., and University Investors, LTD, property of record in Plat Book 16, page 609, and revised in Plat Book 16, page 978, Register's Office, Wilson County, Tennessee, and being more particularly described according to a survey of J. Bruce Rainey, Surveyor #823, dated January 3, 1985, and known as Job No. 84-403, as follows:

Beginning at an iron pin set on the easterly margin of a future 60' wide road, being the southern most corner of this tract, said point of beginning also being N 99 degrees 00'45"E 459.45' more or less from the northerly margin of West High Street; thence with said future road the following calls: with a curve to the left having a radius of 410.89', and a long chord of 106.94', said chord having a bearing of N 07 degrees 27'54"W, a distance along the curve of 107.25' to an iron pin set; thence N 14 degrees 56'32"W 233.47' to an iron pin set; thence with a curve to the right, having a radius of 150.35' and a long chord of 145.82', said chord having a bearing of N 14 degrees 04'01"E, a distance along the curve of 152.24' to a point; thence N 43 degrees 04'34"E 141.46' to an existing iron pin; thence leaving said future road N 89 degrees 59'26"W 134.93' to an existing iron pin; thence S 00 degrees 00'45"W 346.54' to the point of beginning, containing 1.16 acres (50,296 square feet) more or less.

Being the same property conveyed to NME Hospitals, Inc. by deed from University Investors, Ltd, a Tennessee limited partnership of record in Book 394, page 62, Register's Office for Wilson County, Tennessee. NME Hospitals, Inc. now being Tenet Healthsystem Hospitals, Inc.

EXHIBIT "A"
CONTINUED

TRACT VI

Parcel 2

A tract or parcel of land situated and lying in the Third (3rd) Civil District of Wilson County, Tennessee, containing 0.912 acres, more or less, and being the same as the Subdivision Plat of University Medical Center as recorded in Plat Book 18, Page 320, Register's Office of Wilson County, Tennessee, which plat reference is here made for a more particular description.

Being the same property conveyed to NME Hospitals, Inc. by quitclaim deed from National Medical Hospital of Wilson County, Inc. of record in Book 432, page 55, Register's Office for Wilson County, Tennessee. NME Hospitals, Inc. now being Tenet Healthsystem Hospitals, Inc.

INCLUDED BUT EXCLUDED THEREFROM ARE THE BUILDINGS AND IMPROVEMENTS LOCATED ON THE FOLLOWING DESCRIBED TRACT OF LAND WHICH WERE CONVEYED TO WILLIAM LITTMAN BY DEED OF RECORD IN BOOK 422, PAGE 113, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE.

A tract or parcel of land located in the 10th Civil District of Wilson County, Tennessee, inside the city limits of the City of Lebanon, being Lot 4 of the Revision Plat of University Medical Center Property of Record in Deed Book 394, page 62 and revised in Plat Book 18, page 320, Register's Office, Wilson County, Tennessee, and being more particularly described according to a survey by T. Walker, Surveyor # 1463, dated August 23, 1927, as follows:

Beginning at an iron pin set in the Northernly margin of West High Street being 724.43' more or less Westerly from the center line of Babo Street, thence with a curve, to the left, having a radius of 1,929.34' and a long chord of 42.30', said chord having a bearing of N 74 degrees 42' 54" W, a distance along the curve of 42.30' to an iron pin, thence leaving the margin of said West High Street N 00 degrees 00' 00" E 170.22' to an iron pin, thence N 90 degrees 00' 00" E 140.84' to an iron pin, thence N 90 degrees 00' 00" E 132.78' to an iron pin, thence N 00 degrees 00' 00" E 13.30' to an existing iron pin, thence N 90 degrees 00' 00" E 43.08' to an existing iron pin, thence S 02 degrees 23' 07" W 134.30' to an iron pin, thence N 90 degrees 00' 00" W 130.31' to an iron pin, thence S 00 degrees 00' 00" W 201.37' to the point of beginning, containing 0.741 acres (33,144.80 square feet), more or less.

Attachment B.III.A

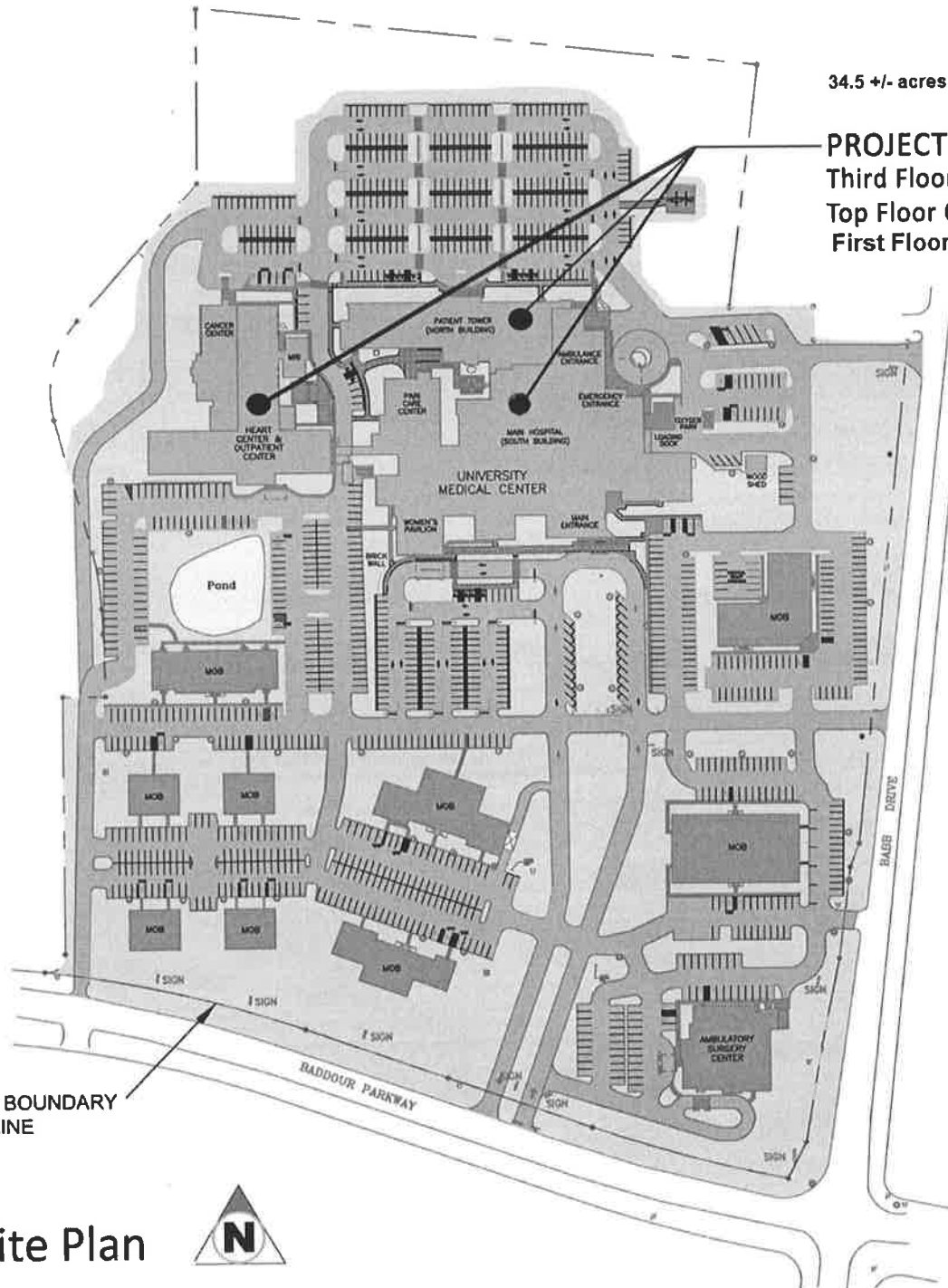
Plot Plan

34.5 +/- acres total

PROJECT LOCATION
Third Floor Shell Space
Top Floor Outpatient Center
First Floor - Main Hospital

OVERALL BOUNDARY
LINE

Site Plan



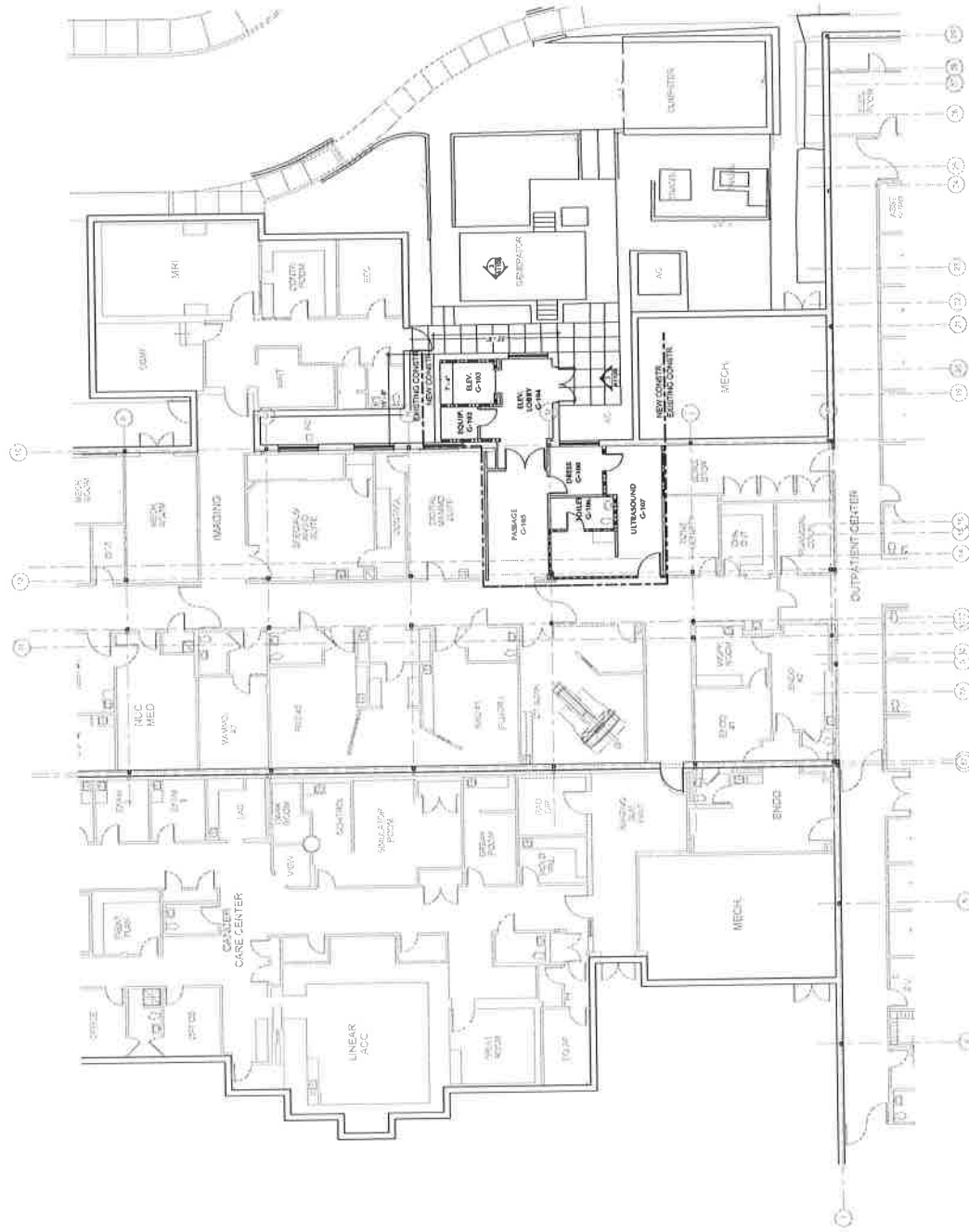
Attachment B.IV

Floor Plans

[illegible]

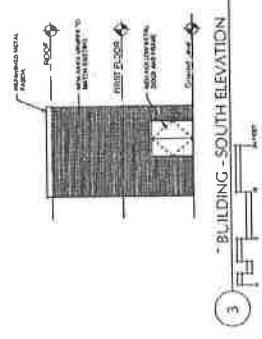
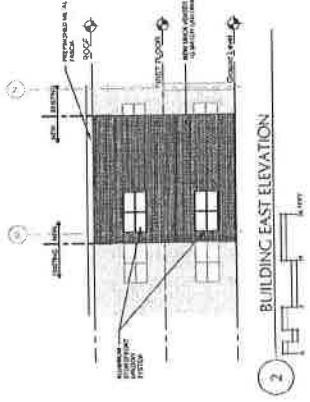
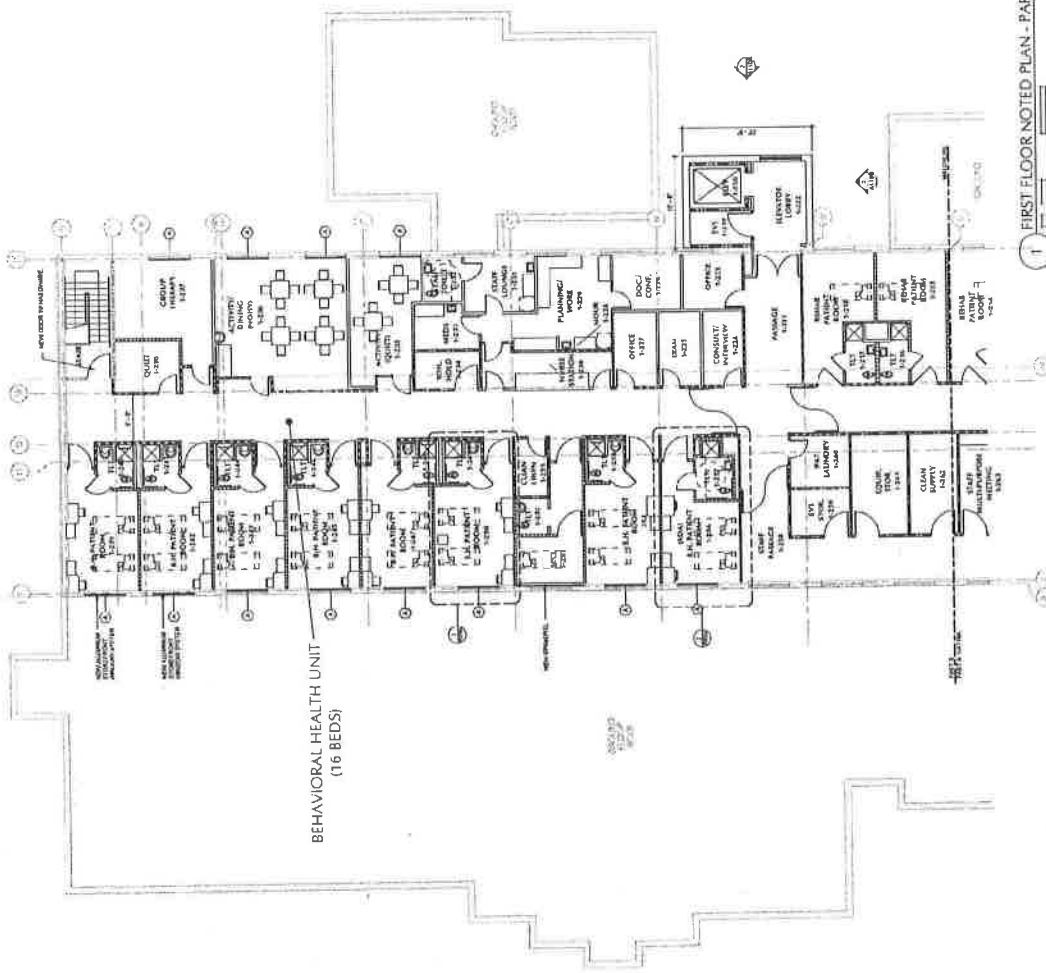
Figure 1 illustrates the vertical arrangement of various systems in a building, categorized into 20 distinct layers. The layers are represented by different symbols and labeled as follows:

- 1. ROOFING (diamonds)
- 2. MECHANICAL (circles)
- 3. PLUMBING (squares)
- 4. ELECTRICAL (triangles)
- 5. FLOORING (diamonds)
- 6. PARTITIONING (circles)
- 7. INTERIORS (squares)
- 8. EXTERIORS (triangles)
- 9. FOUNDATION (diamonds)
- 10. BASEMENT (circles)
- 11. UNDERGROUND (squares)
- 12. PAVEMENT (triangles)
- 13. DRIVEWAY (diamonds)
- 14. PARKING (circles)
- 15. LANDSCAPE (squares)
- 16. FENCE (triangles)
- 17. DRIVEWAY (diamonds)
- 18. PARKING (circles)
- 19. LANDSCAPE (squares)
- 20. FENCE (triangles)



GROUND FLOOR NOTED PLAN

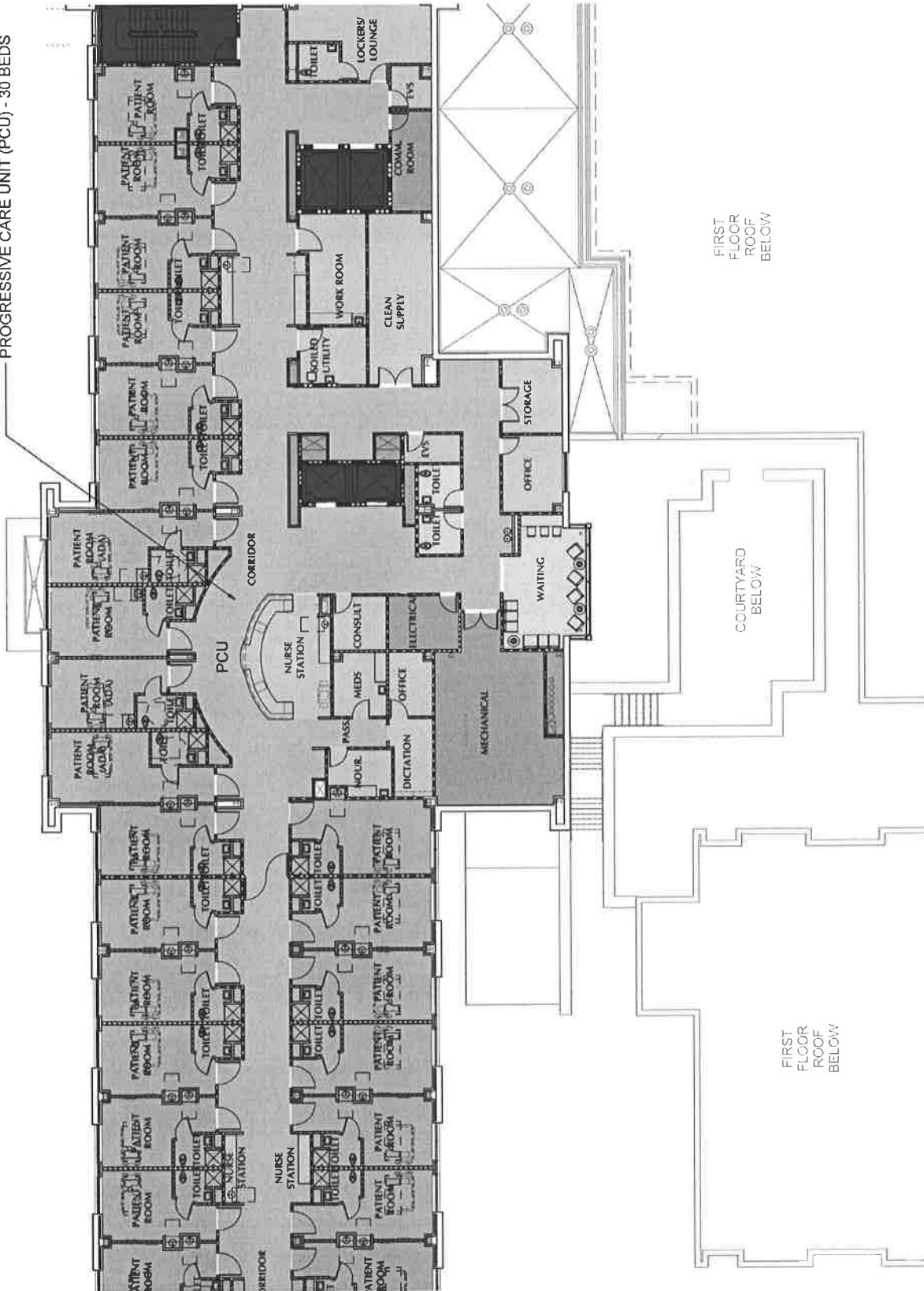
Outpatient Center: Ground Floor (Elevator)



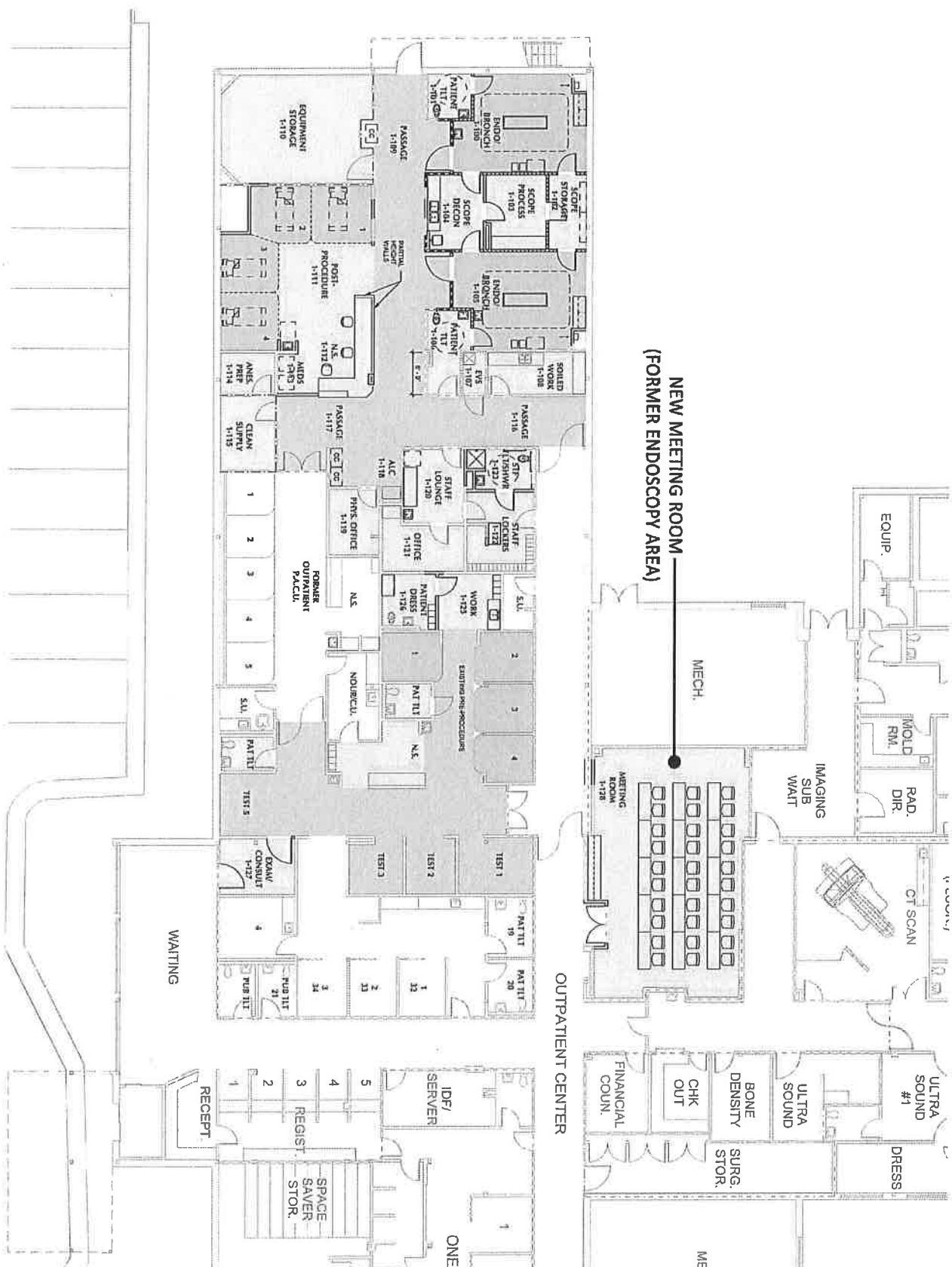
NOILED PLAN GENERAL NOTES

05/20/2015 - SCHEMATIC DESIGN - NOT ISSUED FOR CONSTRUCTION

PROGRESSIVE CARE UNIT (PCU) - 30 BEDS



Ground Floor Plan - Outpatient Building

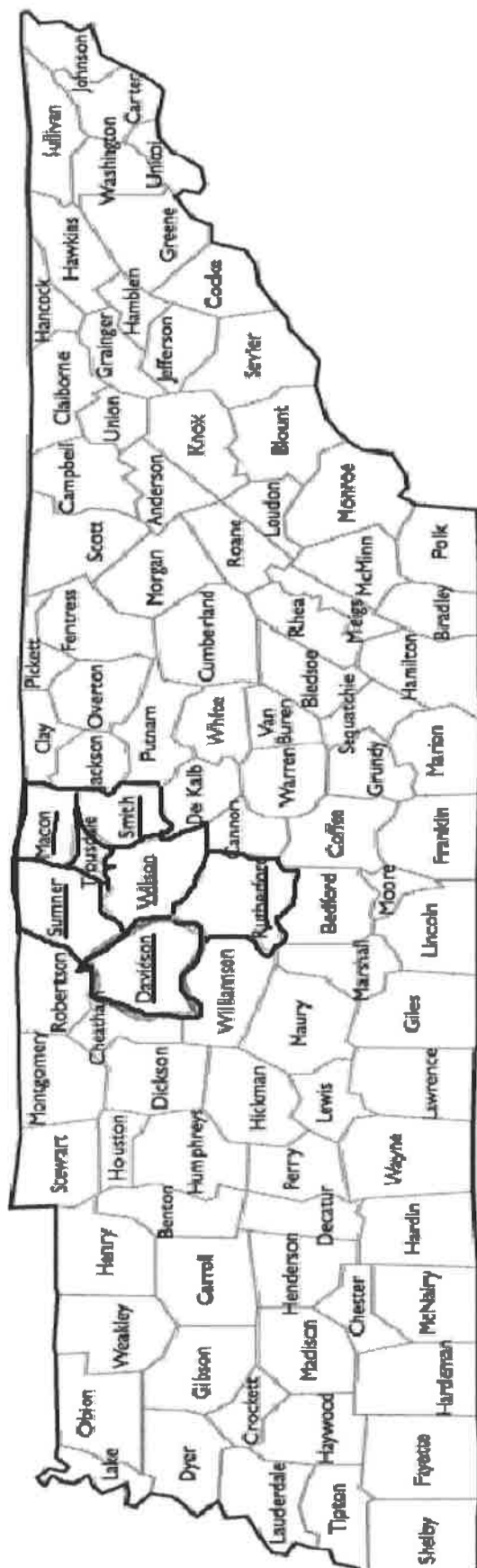


15 16 19 20



Attachment Need.3

Service Area Map



Attachment C. Economic Feasibility - 1

Letter Supporting Estimated Construction Costs



TMPartners, PLLC

Architecture Interiors Planning

5210 Maryland Way, Suite 200
Brentwood, Tennessee 37027-5065
615.377.9773
www.tmpartners.com

Date September 24, 2015

Project University Medical Center- Facility Consolidation, Endo & Surgery Renovations
Lebanon, Tennessee
TMP No. TBD

Subject Proposed Cost and Applicable Code Information

To whom it may concern:

I have reviewed the cost information for the referenced project. The probable construction cost is \$13,282,948. Having current experience with comparable projects, it is my professional opinion that these costs are reasonable and compare favorably with similar projects.

The project is being developed under the current codes and standards enforced by the State of Tennessee as follows:

2012 INTERNATIONAL BUILDING CODE (IBC)
2012 INTERNATIONAL MECHANICAL CODE
2012 INTERNATIONAL PLUMBING CODE
2012 INTERNATIONAL FUEL GAS CODE
2011 NATIONAL ELECTRICAL CODE
2012 INTERNATIONAL ENERGY CONSERVATION CODE
2012 NFPA 101 LIFE SAFETY CODE
2002 NORTH CAROLINA ACCESSIBILITY CODE WITH 2004 AMENDMENTS
2010 ADA STANDARDS FOR ACCESSIBLE DESIGN
2010 FGI- GUIDELINES FOR DESIGN AND CONSTRUCTION OF HEALTH CARE FACILITIES
2008 ASHRAE HANDBOOK OF FUNDAMENTALS

Additionally, the project will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements and the renovated areas will provide suitable physical environments, according to applicable federal, state and local construction codes, standards, specifications, and requirements.

Please let me know if any additional information is required

Sincerely,

Reid E. Zwickel, AIA ACHA
Principal-In-Charge
TN License Number 103614

Copy: A06914 gf

p:\2014\A06914\owner\certificate of need\2015-09-24 umc- con cost ltr.docx

Attachment C. Economic Feasibility - 2

Documentation from CFO



October 8, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
500 Deaderick Street, 9th Floor
Nashville, Tennessee 37243

Re: Funding Support for Certificate of Need Application for Lebanon
HMA, LLC (d/b/a University Medical Center and McFarland
Specialty Hospital)

Dear Ms. Hill:

CHS / Community Health Systems, Inc., the parent of Lebanon HMA, LLC (d/b/a McFarland Specialty Hospital and d/b/a University Medical Center), has internal funds available for the commitment to the following project, which has an approximate project cost of \$22,500,000. CHS / Community Health Systems, Inc. had cash flow from operating activities of \$1,615 million in its fiscal year ending 12/31/14, and currently maintains a \$1,000 million revolving credit facility with excess of \$856 million as of 9/30/15 available to fund future cash needs. CHS / Community Health Systems, Inc. is committed to this project and will advance funds as necessary to complete this project.

Should you need anything further, I can be reached at 615-465-7189.

Regards,

A handwritten signature in cursive script that reads "James W. Doucette".

James W. Doucette
Senior Vice President Finance and Treasurer

COMMUNITY
HEALTH
SYSTEMS

4000 Meridian Boulevard

Franklin, TN 37067

Tel: (615) 465-7000

P.O. Box 689020

Franklin, TN 37068-9020

Attachment C. Economic Feasibility – 4 Historical and Projected Data Charts

HISTORICAL DATA CHART

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	<u>Year 2012</u>	<u>Year 2013</u>	<u>Year 2014</u>
A. Utilization Data (Specify unit of measure)	<u>36287 PD</u>	<u>33592 PD</u>	<u>32314 PD</u>
B. Revenue from Services to Patients			
1. Inpatient Services	<u>\$ 274589092</u>	<u>\$ 265405751</u>	<u>\$ 266946392</u>
2. Outpatient Services	<u>259322788</u>	<u>282220226</u>	<u>312445244</u>
3. Emergency Services	<u>100840356</u>	<u>102571952</u>	<u>108021087</u>
4. Other Operating Revenue	<u>1752932</u>	<u>1522521</u>	<u>3168476</u>
(Specify) <u>EAH, rent misc</u>			
Gross Operating Revenue	<u>\$ 636505168</u>	<u>\$ 651720450</u>	<u>\$ 690581199</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	<u>\$ 522729660</u>	<u>\$ 542789215</u>	<u>\$ 58322988</u>
2. Provision for Charity Care	<u>-12747</u>	<u>-21822</u>	<u>197735</u>
3. Provisions for Bad Debt	<u>16218806</u>	<u>16988401</u>	<u>16234686</u>
Total Deductions	<u>\$ 538935719</u>	<u>\$ 559755794</u>	<u>\$ 599662409</u>
NET OPERATING REVENUE	<u>\$ 97569449</u>	<u>\$ 91964656</u>	<u>\$ 90918790</u>
D. Operating Expenses			
1. Salaries and Wages	<u>\$ 29862779</u>	<u>\$ 28329612</u>	<u>\$ 27779587</u>
2. Physician's Salaries and Wages			
3. Supplies	<u>13409863</u>	<u>12233682</u>	<u>13470899</u>
4. Taxes	<u>950361</u>	<u>625932</u>	<u>791160</u>
5. Depreciation	<u>5426665</u>	<u>5708607</u>	<u>5468476</u>
6. Rent	<u>1682873</u>	<u>1207726</u>	<u>1071970</u>
7. Interest, other than Capital	<u>60872</u>	<u>55490</u>	<u>64438</u>
8. Management Fees:			
a. Fees to Affiliates	<u>4575491</u>	<u>4212994</u>	<u>5112020</u>
b. Fees to Non-Affiliates	<u>198300</u>	<u>177034</u>	<u>64438</u>
9. Other Expenses (Specify) <u>Benes, O/S, Med fees, etc</u>	<u>30742633</u>	<u>30091130</u>	<u>32638683</u>
Total Operating Expenses	<u>\$ 86909837</u>	<u>\$ 82642207</u>	<u>\$ 86461671</u>
E. Other Revenue (Expenses) – Net (Specify)	<u>\$</u>	<u>\$</u>	<u>\$</u>
NET OPERATING INCOME (LOSS)	<u>\$ 10659612</u>	<u>\$ 9322449</u>	<u>\$ 4457119</u>
F. Capital Expenditures			
1. Retirement of Principal	<u>\$</u>	<u>\$</u>	<u>\$</u>
2. Interest	<u></u>	<u></u>	<u></u>
Total Capital Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	<u>\$ 10659612</u>	<u>\$ 9322449</u>	<u>\$ 4457119</u>

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	<u>Year 2017</u>	<u>Year 2018</u>
A. Utilization Data (Specify unit of measure)	<u>38049</u>	<u>38486</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$ 314319360</u>	<u>\$ 317936919</u>
2. Outpatient Services	<u>300107463</u>	<u>303206509</u>
3. Emergency Services	<u>161596326</u>	<u>163265043</u>
4. Other Operating Revenue (Specify) (rent)	<u>537145</u>	<u>545202</u>
Gross Operating Revenue	<u>\$ 776560294</u>	<u>\$ 784953673</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$ 655402475</u>	<u>\$ 662469065</u>
2. Provision for Charity Care	<u>17447052</u>	<u>17628649</u>
3. Provisions for Bad Debt	<u>672849527</u>	<u>680097714</u>
Total Deductions	<u>\$ 103710767</u>	<u>\$ 104855959</u>
NET OPERATING REVENUE		
D. Operating Expenses		
1. Salaries and Wages	<u>\$ 33423336</u>	<u>\$ 33763108</u>
2. Physician's Salaries and Wages	<u>14489651</u>	<u>14585643</u>
3. Supplies	<u>850000</u>	<u>850000</u>
4. Taxes	<u>6519523</u>	<u>6519523</u>
5. Depreciation	<u>1763778</u>	<u>1774361</u>
6. Rent	<u>75000</u>	<u>80000</u>
7. Interest, other than Capital		
8. Management Fees:		
a. Fees to Affiliates	<u>2074215</u>	<u>2097119</u>
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) <small>Benes, o/s service, pro fee, etc</small>	<u>30666010</u>	<u>30842861</u>
Total Operating Expenses	<u>\$ 89861513</u>	<u>\$ 90512615</u>
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$ 13849254</u>	<u>\$ 14343344</u>
NET OPERATING INCOME (LOSS)		
F. Capital Expenditures		
1. Retirement of Principal	<u>\$</u>	<u>\$</u>
2. Interest		
Total Capital Expenditures	<u>\$</u>	<u>\$</u>
NET OPERATING INCOME (LOSS)		
LESS CAPITAL EXPENDITURES	<u>\$ 13849254</u>	<u>\$ 1434344</u>

Attachment C. Economic Feasibility - 10

Balance Sheet and Income Statement

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2014	2013	2012
	<i>(In millions, except share and per share data)</i>		
Operating revenues (net of contractual allowances and discounts)	\$ 21,561	\$ 14,853	\$ 14,747
Provision for bad debts	2,922	2,034	1,914
<i>Net operating revenues</i>	<u>18,639</u>	<u>12,819</u>	<u>12,833</u>
<i>Operating costs and expenses:</i>			
Salaries and benefits	8,618	6,107	5,992
Supplies	2,862	1,975	1,953
Other operating expenses	4,322	2,818	2,807
Government settlement and related costs	101	102	—
Electronic health records incentive reimbursement	(259)	(162)	(123)
Rent	434	279	264
Depreciation and amortization	1,106	771	714
Amortization of software to be abandoned	75	—	—
<i>Total operating costs and expenses</i>	<u>17,259</u>	<u>11,890</u>	<u>11,607</u>
<i>Income from operations</i>	1,380	929	1,226
Interest expense, net of interest income of \$5, \$3 and \$3 in 2014, 2013 and 2012, respectively	972	613	621
Loss from early extinguishment of debt	73	1	115
Equity in earnings of unconsolidated affiliates	(48)	(43)	(42)
Impairment of long-lived assets	41	12	10
Income from continuing operations before income taxes	342	346	522
Provision for income taxes	82	104	164
Income from continuing operations	<u>260</u>	<u>242</u>	<u>358</u>
Discontinued operations, net of taxes:			
Loss from operations of entities sold or held for sale	(7)	(21)	(12)
Impairment of hospitals sold or held for sale	(50)	(4)	—
Loss from discontinued operations, net of taxes	<u>(57)</u>	<u>(25)</u>	<u>(12)</u>
<i>Net income</i>	203	217	346
Less: Net income attributable to noncontrolling interests	111	76	80
Net income attributable to Community Health Systems, Inc. stockholders	<u>\$ 92</u>	<u>\$ 141</u>	<u>\$ 266</u>
<i>Basic earnings (loss) per share attributable to Community Health Systems, Inc. common stockholders(1):</i>			
Continuing operations	\$ 1.33	\$ 1.80	\$ 3.11
Discontinued operations	(0.51)	(0.27)	(0.13)
Net income	<u>\$ 0.82</u>	<u>\$ 1.52</u>	<u>\$ 2.98</u>
<i>Diluted earnings (loss) per share attributable to Community Health Systems, Inc. common stockholders(1):</i>			
Continuing operations	\$ 1.32	\$ 1.77	\$ 3.09
Discontinued operations	(0.51)	(0.27)	(0.13)
Net income	<u>\$ 0.82</u>	<u>\$ 1.51</u>	<u>\$ 2.96</u>
<i>Weighted-average number of shares outstanding:</i>			
Basic	111,579,088	92,633,332	89,242,949
Diluted	<u>112,549,320</u>	<u>93,815,013</u>	<u>89,806,937</u>

(1) Total per share amounts may not add due to rounding.

See notes to the consolidated financial statements.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2014	2013	2012
		(In millions)	
Net income	\$ 203	\$ 217	\$ 346
Other comprehensive income (loss), net of income taxes:			
Net change in fair value of interest rate swaps, net of tax of \$7, \$34 and \$26 for the years ended December 31, 2014, 2013 and 2012, respectively	13	60	46
Net change in fair value of available-for-sale securities, net of tax	—	2	3
Amortization and recognition of unrecognized pension cost components, net of tax (benefit) of \$(9), \$9 and \$(3) for the years ended December 31, 2014, 2013 and 2012, respectively	(9)	16	(10)
Other comprehensive income	4	78	39
Comprehensive income	207	295	385
Less: Comprehensive income attributable to noncontrolling interests	111	76	80
Comprehensive income attributable to Community Health Systems, Inc. stockholders	<u>\$ 96</u>	<u>\$ 219</u>	<u>\$ 305</u>

See notes to the consolidated financial statements.

Table of Contents

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	December 31,	
	2014	2013
	(In millions, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 509	\$ 373
Patient accounts receivable, net of allowance for doubtful accounts of \$3,504 and \$2,438 at December 31, 2014 and 2013, respectively	3,409	2,323
Supplies	557	371
Prepaid income taxes	30	107
Deferred income taxes	341	101
Prepaid expenses and taxes	192	127
Other current assets (including assets of hospitals held for sale of \$38 and \$40 at December 31, 2014 and 2013, respectively)	528	345
Total current assets	5,566	3,747
Property and equipment:		
Land and improvements	946	623
Buildings and improvements	8,791	6,225
Equipment and fixtures	4,527	3,614
Property and equipment, gross	14,264	10,462
Less accumulated depreciation and amortization	(4,095)	(3,411)
Property and equipment, net	10,169	7,051
Goodwill	8,951	4,424
Other assets, net of accumulated amortization of \$827 and \$535 at December 31, 2014 and 2013, respectively (including assets of hospitals held for sale of \$90 and \$94 at December 31, 2014 and 2013, respectively)	2,735	1,895
Total assets	\$27,421	\$ 17,117
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 235	\$ 167
Accounts payable	1,293	949
Deferred income taxes	23	3
Accrued liabilities:		
Employee compensation	955	690
Interest	227	112
Other (including liabilities of hospitals held for sale of \$10 and \$24 at December 31, 2014 and 2013, respectively)	856	537
Total current liabilities	3,589	2,458
Long-term debt	16,681	9,286
Deferred income taxes	845	906
Other long-term liabilities	1,692	977
Total liabilities	22,807	13,627
Redeemable noncontrolling interests in equity of consolidated subsidiaries	531	358
Commitments and contingencies (Note 16)		
EQUITY		
Community Health Systems, Inc. stockholders' equity:		
Preferred stock, \$.01 par value per share, 100,000,000 shares authorized; none issued	—	—
Common stock, \$.01 par value per share, 300,000,000 shares authorized; 117,701,087 shares issued and 116,725,538 shares outstanding at December 31, 2014, and 95,987,032 shares issued and 95,011,483 shares outstanding at December 31, 2013	1	1
Additional paid-in capital	2,095	1,256
Treasury stock, at cost, 975,549 shares at December 31, 2014 and 2013	(7)	(7)
Accumulated other comprehensive loss	(63)	(67)
Retained earnings	1,977	1,885
Total Community Health Systems, Inc. stockholders' equity	4,003	3,068
Noncontrolling interests in equity of consolidated subsidiaries	80	64
Total equity	4,083	3,132
Total liabilities and equity	\$27,421	\$ 17,117

See notes to the consolidated financial statements.

Contribution to the Orderly Development of Healthcare – 7 (C)

Licensure and Accreditation

Board for Licensing Health Care Facilities

State of Tennessee



0000000137
No. of Beds 0245

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

LEBANON HMA, LLC

to conduct and maintain a

Hospital

UNIVERSITY MEDICAL CENTER

Located at

1411 BADDOUR PARKWAY, LEBANON

Consists of

WILSON

, *Consists of*

This license shall expire

APRIL 12

, 2016, and is subject

to the provisions of Chapter 17, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

The Tennessee Secretary, we have hereunto set our hand and seal of the State this 28TH day of MAY, 2015.
In the District (County) of: GENERAL HOSPITAL



DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

James J. Davis, MPH

John D. Davis
COMMISSIONER



June 4, 2014

Re: # 5219
CCN: #440193
Program: Hospital
Accreditation Expiration Date: March 29, 2017

Matt Caldwell
CEO
University Medical Center
1411 Baddour Parkway
Lebanon, Tennessee 37087

Dear Mr. Caldwell:

This letter confirms that your March 25, 2014 - March 28, 2014 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on May 12, 2014 and May 27, 2014, The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of March 29, 2014.

The Joint Commission is also recommending your organization for continued Medicare certification effective March 29, 2014. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following location(s):

McFarland Campus
d/b/a University Medical Center
500 Park Avenue, Lebanon, TN, 37087

Surgery Center at UMC
d/b/a University Medical Center
1401 Baddour Pkway, Lebanon, TN, 37087

UMC Medical Plaza- Sleep Center
1616 West Main, Lebanon, TN, 37087

University Medical Center
1411 Baddour Parkway, Lebanon, TN, 37087

www.jointcommission.org

Headquarters
One Renaissance Boulevard
Oakbrook Terrace, IL 60181
630 792 5000 Voice



The Joint Commission

We direct your attention to some important Joint Commission policies. First, your Medicare report is publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,

Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services
CMS/Regional Office 4 /Survey and Certification Staff

University Medical Center

Lebanon, TN

has been Accredited by



The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the
Hospital Accreditation Program

March 29, 2014

Accreditation is customarily valid for up to 36 months.

Rebecca J. Patchin, MD
Chair, Board of Commissioners

Organization ID #5219

Print/Reprint Date: 06/05/2014

Mark R. Chassin, MD, FACP, MPP, MPH
President

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.



Affidavit

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Wilson

NAME OF FACILITY: McFarland Hospital / University Medical Center

I, Matt Caldwell, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

M Caldwell CO
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the _____ day of _____, 2015, witness my hand at office in the County of Wilson, State of Tennessee.

Joy Patty Henley
NOTARY PUBLIC

My commission expires My Commission Expires:
May 31, 2016

HF-0043

Revised 7/02





State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

November 2, 2015

Michael D Brent, Esq
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Nashville, TN 37203

RE: Certificate of Need Application -- Lebanon HMA, LLC (d/b/a University Medical Center)
- CN1510-042

For the relocation of 75 hospital beds (49 inpatient psychiatric and 26 inpatient rehabilitation) from satellite McFarland Specialty Hospital at 500 Park Avenue, Lebanon (Wilson County) approximately 3 miles to the main campus at 1411 Baddour Parkway, Lebanon, (Wilson County). The University Medical Center main campus currently contains 170 licensed hospital beds and will contain 245 licensed hospital beds after project completion. The estimated project costs is \$22,500,000.

Dear Mr. Brent:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on November 2, 2015. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on January 27, 2016.

Mr. Brent
November 2, 2015
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (3) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (4) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA




State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Andrew Johnson Tower, 2nd Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

FROM: Melanie M. Hill 
Executive Director

DATE: November 2, 2015

RE: Certificate of Need Application
Lebanon HMA, LLC (d/b/a University Medical Center) –
CN1510-042

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on November 2, 2015 and end on January 1, 2016.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Michael D Brent, Esq.



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

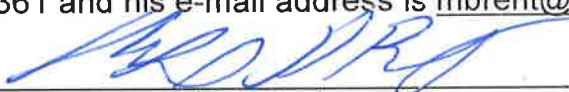
Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in The Lebanon Democrat, which is a newspaper of general circulation in Wilson County, Tennessee, on or before September 10, 2015, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Lebanon HMA, LLC, a Tennessee limited liability company (d/b/a McFarland Specialty Hospital, d/b/a McFarland Hospital and d/b/a University Medical Center), intends to file an application for a Certificate of Need for the consolidation of all beds operated pursuant to its 245-bed hospital license to the main campus at 1411 Baddour Parkway, Lebanon, TN 37087, including the relocation of three units, a sixteen (16) bed behavioral health unit, a sixteen (16) bed mood disorder unit, and a ten (10) bed inpatient rehabilitation unit, to the main campus from their current satellite location at 500 Park Avenue, Lebanon, TN 37087 (both locations being in Wilson County, TN), and the renovation of other areas of the main campus buildings (including surgery and endoscopy). The estimated project cost is \$22,500,000.

The anticipated filing date of the application is on or before October 15, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babbc.com.


(Signature)

Oct. 8, 2015
(Date)

mbrent@babbc.com
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #1 -Original-

University Medical Center

CN1510-042



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor

www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

SUPPLEMENTAL #1

October 23, 2015

3:44 pm

October 23, 2015

Michael D. Brent

Attorney

Bradley, Arant, Boult, Cummings, LLP

1600 Division Street, Suite 700

Nashville, TN 37203

RE: Certificate of Need Application CN1510-042
University Medical Center

Dear Mr. Brent:

This will acknowledge our October 9, 2016 receipt of your application for a Certificate of Need to consolidate all of its beds pursuant to its 245-bed hospital license to the main campus including the relocation of three units: 16 bed behavioral health unit, 16 bed mood disorder unit, 10 bed inpatient rehabilitation unit, and renovation of other areas of the main campus buildings including surgery and endoscopy.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 PM, Friday, October 23, 2015. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A, Applicant Profile, Item 1

The Letter of Intent identified the applicant as Lebanon HMA, LLC d/b/a McFarland Specialty Hospital, d/b/a McFarland Hospital and d/b/a University Medical Center. The application identifies the applicant as University Medical Center (d/b/a McFarland Hospital and McFarland Specialty Hospital).

Please address this discrepancy

Since it appears that all renovation and bed movement is taking place at the 1411 Baddour Parkway, only that address need to be listed as the address for the project.

Please submit a corrected page.

Response:

The Letter of Intent identified the applicant as Lebanon HMA, LLC d/b/a McFarland Specialty Hospital, d/b/a McFarland Hospital and d/b/a University Medical Center. The application provides further clarification as it identifies the "facility, agency or institution" name in section 1 on page 9 as "University

October 23, 2015**3:44 pm**

Medical Center (d/b/a McFarland Hospital and McFarland Specialty Hospital) and the name of the Owner in section 3 on page 9 as Lebanon HMA, LLC. Lebanon HMA, LLC has multiple assumed names or "d/b/a's" registered with the Tennessee Secretary of State, including "University Medical Center" and "McFarland Specialty Hospital." Additionally, at the time of the filing of the notice and the application, we included an additional d/b/a of "McFarland Hospital" as the Tennessee Department of Health ("TDOH") had the d/b/a for the 500 Park Avenue satellite location erroneously listed as "McFarland Hospital" rather than "McFarland Specialty Hospital." Subsequent to the filing of the notice and the application, we contacted TDOH about the error in their listings, which has now been corrected, so that the records of the TDOH now correctly reflect the name for the 500 Park Avenue satellite location as "McFarland Specialty Hospital."

Please see Supplemental Attachment - R-9, which makes the adjustments noted above. Please also see Supplemental Attachment - McFarland Specialty Hospital, which corrects the application to reference the appropriate d/b/a.

2. Section A, Applicant Profile, Item 9

Your response to this item is noted. Please provide a bed chart for the 1411 Baddour Parkway campus and one for the 500 Park Avenue campus.

The bed chart provided indicates that all 245 licensed beds are staffed. Does the applicant intend to staff all 245 beds?

Response: Please see Supplemental Attachment - Bed Complement Charts for bed charts for both campuses. The Applicant will not initially staff all 245 beds, but does not intend to relinquish any beds, so as to preserve its ability to meet the future needs of the community.

3. Section A, Applicant Profile, Item 13

Does the applicant contract with all TennCare MCOs available in the service area? Please identify those with which the applicant contracts and those, if any, with which the applicant does not contract.

Response: The Applicant contracts with all three TennCare MCOs available to it - Amerigroup, Bluecare/TennCare Select and UHC/Community Plan.

3. Section B, Project Description, Item I

Please complete the following chart: for the UMC campus

Hospital Floor	Current Unit Type	Number of Beds (Licensed /Staffed)	Proposed Unit Type	Number of Beds (Licensed /Staffed)	Proposed Unit Maximum Bed Capacity
Outpatient Center - 1	PCU	58/30	Behavioral Health/Mood Disorder	49*/32	32
			Inpatient Rehabilitation	26/10	20

October 23, 2015**3:44 pm**

Hospital Floor	Current Unit Type	Number of Beds (Licensed /Staffed)	Proposed Unit Type	Number of Beds (Licensed /Staffed)	Proposed Unit Maximum Bed Capacity
East Wing 1	Obstetrical	14/14	Obstetrical	14/14	14
Main Campus Corridor to West Building	ICU/CCU	12/12	ICU/CCU	12/12	12
North Patient Tower 3	Shelled	Not Applicable	PCU	58/30	60
North Patient Tower 1&2; East Wing 1	Medical/Surgical	86/60	Medical/Surgical	86/60	107
Total		170/116		245/158	245

** There are 49 total licensed psychiatric beds, so the Behavioral Health and Mood Disorder unit each draw 16 beds from the 49-bed licensed capacity.*

The Letter of Intent indicates that three units will be relocating from McFarland to UMC: 16 behavioral health beds, 16 mood disorder beds, and 10 inpatient rehabilitation beds, which totals to 42 beds. In the application you have indicated that there are 49 psychiatric beds and 25 inpatient rehabilitation beds, a total of 75 beds that will be moving from McFarland to UMC. Please explain.

Response: The 42-bed figure refers to the number of initially staffed beds for the relocated units. The Applicant is not, however, proposing to relinquish any beds, so when taking into account all three units' licensed bed capacity, the total number of beds is 75, as reported in the most recent Joint Annual Report. Please note that there are 49 licensed psychiatric beds and 26 licensed rehabilitation beds, not 25 as noted above.

How many surgical suites, endoscopy suites, pre-op beds, and recovery beds are currently available at UMC? Will this mix change after project completion? Please provide more detail regarding the renovation that is taking place within the surgical/endoscopy department of the hospital.

Response: The Applicant currently has four operating rooms and will have five new, improved, modernized operating rooms following the renovation. The Applicant currently has two licensed endoscopy rooms and four pre-op/recovery rooms. Please note, due to size constraints, the Applicant currently only operates one of its two licensed rooms. Following the renovation, the Applicant will have two endoscopy rooms, four pre-op rooms, and four recovery beds.

What services will remain at the McFarland satellite campus and how will the vacated space be utilized?

Response: The McFarland campus will no longer be utilized for any licensed or certificated services, but the long-range plans for it have not yet been decided by the Applicant.

4. Section B, Project Description, Item II.A.

October 23, 2015**3:44 pm**

It has been indicated that the two psychiatric units will be staffed for 16 beds each for a total of 32, and the rehab unit will be staffed for 10 beds. According to the Bed Complement Data Chart in A.9., there are 49 licensed psychiatric beds and 26 licensed rehab beds. What is the bed capacity of each of the three units in which the psychiatric and inpatient rehab units are moving? Please document this bed capacity through illustration on a floor plan.

Response: As shown on the previously submitted floor plans with the original application, the bed capacity of each psychiatric unit will be 16 beds in semi-private rooms, for a total of 32 beds. The bed capacity of the rehabilitation unit will be 10 beds in private rooms or 20 beds if converted to semi private rooms. In the event that the Applicant needed to increase the complement of any of the units, the Applicant would have to decide if it wanted to dedicate the area currently shared by the three units to a sole unit and have the other units shifted to available space elsewhere in the hospital, construct the required space, or craft another bed configuration scheme suitable to the circumstances.

Where is the current endoscopy unit located and how will the space being vacated by the current endoscopy unit be utilized?

Response: The current endoscopy unit is located on the ground floor of the Outpatient Building and is immediately north of the proposed endoscopy unit. The space vacated by the current endoscopy unit will be converted into a meeting room.

Please complete the "Existing Location" column in the **SQUARE FOOTAGE AND COST PER SQUARE FOOT CHART**.

Response: Please see Supplemental Attachment - Replacement Square Footage and Cost Per Square Foot Chart.

5. Section B, Project Description, Item IV. (Floor Plan)

According to the floor plans provided there are 8 rooms available for the behavioral health unit, which is to be staffed for 16 beds, 8 rooms available for the 16-bed mood disorder unit, and 10 rooms available for the inpatient rehab unit.

Are both the behavioral health unit and mood disorder unit semi-private rooms, while the inpatient rehab unit is private rooms?

Response: Yes, the Behavioral Health unit and the Mood Disorder unit will be semi-private rooms, while the inpatient Rehabilitation unit will be private rooms, but configured in a fashion that would allow them to be converted to semi-private rooms if that should ever be needed.

The applicant has noted that 49 licensed psychiatric beds are being maintained and 26 inpatient rehab beds are being maintained; however, there does not appear to be room on this floor to expand any of these units to the licensed bed capacity, if needed. With that being the case, please explain the need to maintain the licensed bed complement versus reducing the licensed bed complement commensurate to the staffed bed complement size of the two psychiatric units and the rehab unit.

Response: As population trends keep changing and Wilson County and the remainder of the service area continues to grow, the Applicant does not propose to relinquish any of its licensed beds at this time. Though it does not currently use all of its licensed beds, with the aforementioned population trends, it is entirely possible that the Applicant will need to make use of all of its licensed beds in the future, and it would prefer to preserve its ability to do so. The Applicant has space for all 245 beds, the ability to ensure appropriate arrangements for necessary support services (such as oxygen for 2 beds in each room), if necessary, and can staff the beds relatively quickly via agency staffing or utilizing additional staff from affiliated hospitals.

In the narrative you have identified the PCU as a 58-bed unit; however the floor plan identified the PCU as a 30 bed unit. Please explain.

Response: The application indicates that the PCU, once moved, will be initially staffed as a 30-bed unit, but the total licensed capacity, as previously noted, is 58 beds. Page 15 of the narrative in the Applicant's original application states that the PCU will be staffed at 30 beds initially. This initial staffing pattern in the PCU's new location in the North Patient Tower is what is reflected in the proposed floor plan provided with the application. The beds in the proposed floor plan are private rooms, which gives the Applicant the ability to increase capacity to up to 58 licensed beds if demand requires, by converting some of those private to semi-private rooms. Please also see Supplemental Attachment - R-14, which clarifies the licensed bed capacity of the PCU and corrects the number of licensed rehabilitation beds.

5. Section C, Need, Item 4.A

Your response to this item is noted. Please provide for each county and the service area as a whole, where applicable, the following information which can be obtained from the US Census Bureau: Median Age, Median Household Income, Persons below Poverty Level. Persons below Poverty Level as a % of total population. Please also provide this information as well as the information provided in your demographic table for the State of Tennessee overall for comparative purposes.

Response: Please see Supplemental Attachment - Section C, Need, Item 4.A.

6. Section C, Need, Item 5

Your response to this item is noted. Please provide the following information for all the applicable hospitals in your proposed service area:

Hospital	Licensed Psych. Beds	2011 Licensed %Occupancy	2012 Licensed %Occupancy	2013 Licensed %Occupancy
Middle Tennessee Mental Health Institute	195	83.7%	85%	85.5%

Hospital	Licensed Psych. Beds	2011 Licensed %Occupancy	2012 Licensed %Occupancy	2013 Licensed %Occupancy
Saint Thomas West Hospital	23(2013) 15(2011-12)	90.9%	68.6%	60.7%
TriStar Centennial Medical Center	132	72.2%	62.2%	94.2%
TriStar Skyline Madison Campus	96 (2011) 91 (2012) 94 (2013)	65.4%	66.7%	75%
Vanderbilt University Hospitals	88	75.3%	87.8%	85.4%
TrustPoint Hospital*	50	N/A	N/A	54%
Riverview Regional Medical Center South	10*	N/A	70.0%	68.7%
Sumner Regional Medical Center	8*	N/A	26.7%	57.3%
McFarland Specialty Hospital (Applicant)	49	77.0%	47.5%	40.5%
TOTAL	460	77.4%	64.3%	69.0%

*Opened 2012.

Hospital	Licensed Rehab Beds*	2011 Licensed %Occupancy	2012 Licensed %Occupancy	2013 Licensed %Occupancy
Saint Thomas Midtown f/k/a Baptist Hospital	24	69.0%	78.3%	75.5%
TriStar Skyline Madison Campus	10	0%	0%	N/A
TriStar Skyline Medical Center	41	75.6%	71.4%	80.0%
TriStar Southern Hills Medical Center f/k/a Southern Hills Medical Center	16 12 (2011-2012)	40.3%	69.4%	63.9%

Hospital	Licensed Rehab Beds*	2011 Licensed %Occupancy	2012 Licensed %Occupancy	2013 Licensed %Occupancy
Vanderbilt Stallworth Rehabilitation Hospital	80	76.1%	78.5%	71.1%
TrustPoint Hospital**	27	N/A	N/A	44.6%
Sumner Regional Medical Center	17	48.6%	47.4%	47.5%
River Park Hospital	15	34.1%	33.0%	30.5%
McFarland Specialty Hospital	26	29.4%	26.3%	27.2%
TOTAL	246/256	53.3/46.6%	57.8/50.5%	55.0/48.9%

**Assigned Inpatient Rehabilitation Beds per page 13 of each hospital's JAR report.*

***Opened 2013*

N/A No JAR information available.

Hospital	Licensed Beds (2013)	2011 Licensed % Occupancy	2012 Licensed % Occupancy	2013 Licensed % Occupancy
Kindred Hospital	60	38.8%	42.9%	40.1%
Metropolitan Nashville General Hospital	150	41.0%	34.6%	31.5%
Middle Tennessee Mental Health Institution	300	54.4%	55.4%	55.5%
Saint Thomas Center for Spinal Surgery	23	17.9%	18.1%	17.7%
Saint Thomas Midtown f/k/a Baptist Hospital	683	51.2%	50.4%	49.3%
Saint Thomas West Hospital f/k/a Saint Thomas Hospital	541	51.9%	50.7%	50.6%
Select Specialty Hospital	70	92.5%	97.1%	75.6%

Hospital	Licensed Beds (2013)	2011 Licensed % Occupancy	2012 Licensed % Occupancy	2013 Licensed % Occupancy
TriStar Centennial Medical Center	657 (2012-2013) 606 (2011)	62.9%	61.7%	67.8%
TriStar Skyline Madison	172 (233 (2011), 182 (2012))	32.1%	40.2%	43.2%
TriStar Skyline Medical Center	213	66.5%	66.9%	71.8%
TriStar Southern Hills Medical Center f/k/a Southern Hills Medical Center	126 132 (2011-2012)	32.6%	37.0%	43.6%
TriStar Summit Medical Center f/k/a Summit Medical Center	188	58.1%	62.3%	66.5%
Vanderbilt Stallworth Rehabilitation Hospital	80	76.0%	78.5%	71.1%
Vanderbilt University Hospitals	1,019 916 (2011), 985 (2012)	84.6%	78.7%	82.5%
Macon County General Hospital	25	36.7%	41.4%	37.1%
Saint Thomas Rutherford Hospital f/k/a Middle Tennessee Medical Center	286	70.9%	67.6%	66.4%
TriStar StoneCrest Medical Center f/k/a StoneCrest Medical Center	109 101 (2011-2012)	38.2%	42.0%	46.3%
TrustPoint Hospital*	86	N/A	N/A	46.0%
Riverview Regional Medical Center North**	63 (2011-2012)	26.9%	15.9%	Not Available
Riverview Regional Medical Center South	25 (2011 and 2013) 35 (2012)	21.0%	55.8%	71.9%
Portland Medical Center	38	0.0%	0.0%	0.0%
Sumner Regional Medical Center	155	49.0%	52.0%	59.9%

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Hospital	Licensed Beds (2013)	2011 Licensed % Occupancy	2012 Licensed % Occupancy	2013 Licensed % Occupancy
TriStar Hendersonville Medical Center f/k/a Hendersonville Medical Center	110 (2012-2013) 148 (2011)	34.7%	50.9%	54.6%
River Park Hospital	125	30.6%	23.7%	25.0%
McFarland Specialty Hospital	75	75.6%	39.5%	36.0%
University Medical Center	170	43.5%	41.1%	38.2%

*Opened 2013

**No JAR information available after 2012.

7. Section C, Need, Item 6

Your response to this item is noted. Please complete the following chart.

Response: Please note that the Applicant's internal records combine Adult and Geriatric Psychiatric beds together such that there is no way to differentiate between the two to determine the information required for the chart below.

Bed Type	Year 2011	Year 2012	Year 2013	Year 2017	Year 2018
University Medical Center/McFarland					
Medical/Surgical					
Licensed Beds	144	144	144	144	144
Staffed Beds	76	76	76	76	76
Admissions	4,096	3,840	3,510	4,036	4,338
ADC	57.7	53.4	48.5	56.4	56.7
ALOS	5.1	5.1	5.1	5.1	4.8
% Licensed Occupancy	40.0%%	37.1%	33.7%	39.2%	39.4%
% Staffed Occupancy	75.9%	70.3%	63.8%	74.2%	74.6%
Obstetrical					
Licensed Beds	14	14	14	14	14
Staffed Beds	14	14	14	14	14
Admissions	991	986	970	1,112	1,130
ADC	5.8	5.7	5.5	6.4	6.5
ALOS	2.1	2.1	2.1	2.1	2.1
% Licensed Occupancy	41.4%	40.7%	39.3%	45.7%	46.4%
% Staffed Occupancy	41.4%	40.7%	39.3%	45.7%	46.4%
ICU/CCU					
Licensed Beds	12	12	12	12	12
Staffed Beds	12	12	12	12	12
Admissions	532	542	488	592	592
ADC	6.5	6.6	7.1	8.6	8.6
ALOS	4.5	4.4	5.3	5.3	5.3

Bed Type	Year 2011	Year 2012	Year 2013	Year 2017	Year 2018
% Licensed Occupancy	54.2%	55%	59.2%	71.7%	71.7%
% Staffed Occupancy	54.2%	55%	59.2%	71.7%	71.7%
Adult Psychiatric					
Licensed Beds	49	49	49	49	49
Staffed Beds	32	32	32	32	32
Admissions	1,113	979	865	1,108	1,141
ADC	26.2	22.4	19.8	26	26.8
ALOS	8.6	8.4	8.4	8.6	8.6
% Licensed Occupancy	53.5%	45.7%	40.4%	53.1%	54.7%
% Staffed Occupancy	81.9%	70.0%	61.9%	81.3%	83.8%
Rehabilitation					
Licensed Beds	26	26	26	26	26
Staffed Beds	10	10	10	10	10
Admissions	206	195	199	191	197
ADC	7.6	6.8	7.1	6.8	6.8
ALOS	13.5	12.8	13.0	13.0	13.0
% Licensed Occupancy	29.2%	23.4%	27.3%	26.2%	26.2%
% Staffed Occupancy	76%	68%	71%	68%	68%
Total Hospital					
Licensed Beds	245	245	245	245	245
Staffed Beds	158	158	158	158	158
Admissions	6,938	6,542	6,032	7,039	7,398
ADC	103.8	94.9	88	104.2	105.4
ALOS	5.4	5.2	5.3	5.4	5.2
% Licensed Occupancy	42.4%	38.7%	35.9%	42.5%	43.0%
% Staffed Occupancy	65.7%	60.0%	55.7%	65.9%	66.7%

8. Section C. (Economic Feasibility) Item 1 (Project Cost Chart)

This chart indicates that construction costs are \$13,282,948. Based on the information in the SQUARE FOOTAGE AND COSTS PER SQUARE FOOT CHART, the construction cost calculates to \$12,900,718. Please address this discrepancy.

Response: Please see Supplemental Attachment - Replacement Square Footage and Cost per Square Footage Chart, which shows the corrected total cost per square foot of \$247.53. Please note that, due to rounding, the cost calculated using the total cost per square foot, \$13,283,104.98, is \$156.98 higher than the construction cost in the Project Cost Chart. Please also see Supplemental Attachment - R-40, which corrects the construction cost per square foot listed in the application.

There appears to be a typo in the CON Filing Fee line. Please make the necessary corrections and submit a revised Project Cost Chart.

Response: Please see Supplemental Attachment - Revised Project Cost Chart correcting the filing fee amount.

9. Section C. (Economic Feasibility) Item 3

The applicant has stated that the \$240.20/SF estimated construction cost is above the 3rd quartile. Shouldn't the statement read between the median and 3rd quartile?

Response: Please see Supplemental Attachment - R-40, which indicates that the estimated construction cost is between the Median and the 3rd Quartile.

10. Section C. (Economic Feasibility) Item 4 (Historical Data Chart)

Net operating income declined by almost 60% between 2012 and 2014. What were the reasons for this decline in net operating income?

Response: The Applicant experienced an admission decrease of approximately 13% during that time period. This decrease is attributable to a variety of factors, including maturing providers, market exits and insurance changes related to in-patient days versus observation days, all of which contributed to the decrease in admissions. Surgical cases decreased at the same time, for many of the same reasons, as well as difficulties sometimes encountered due to the aged and cramped surgical and endoscopy departments. The volume reductions also resulted in a negative impact on reimbursement rates. Additionally, changes by payors in the authorization and precertification processes, as well as their general contract management procedures, had a negative impact on admissions during this time period.

There appears to be a typo in the 2014 column for Contractual Adjustments. Please make the necessary corrections and submit a revised Historical Data Chart.

Response: Please see Supplemental Attachment - Revised Historical Data and Projected Data Charts.

Please also complete the following chart for Other Expenses:

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 2012	Year 2013	Year 2014
1. Benefits (Ins & FICA)	\$6,373,494	\$6,702,801	\$7,488,744
2. Medical Specialist Fees	1,046,003	1,626,445	2,544,680
3. Utilities	1,913,514	1,731,236	1,876,999
4. Purchased Services (ex: dietary, EVS, sec, etc.)	6,730,339	6,514,303	7,958,525
5. Repairs and Maintenance	2,145,184	2,452,685	2,654,789
6. Other (ex: Provider Tax and General ins)	7,890,826	6,641,970	7,816,016
7. All other (ex: adv, dues, edu, sales tax)	4,643,273	4,421,690	2,298,930
Total Other Expenses	\$30,742,633	\$30,091,130	\$32,638,683

11. Section C. (Economic Feasibility) Item 4 (Projected Data Chart)

Please explain why there are no provisions for charity Care.

Response: The Applicant's chart of accounts captures all uncompensated care for all patients and does not create a separate category for "charity care." However, UMC is committed to ensuring that its patients receive the care they need regardless of financial constraints, and utilizes a combination of its charity care policy, uninsured discount credit, flat rate pricing, payment plans and various payment discounts to financially accommodate the needs of its patients.

There appears to be a typo in the 2018 column for **NET OPERATING INCOMER (LOSS) LESS CAPITAL EXPENDITURES**. Please make the necessary corrections and submit a revised Projected Data Chart.

Response: Please see Supplemental Attachment – Revised Historical Data and Projected Data Charts.

Please also complete the following chart for Other Expenses:

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 2017	Year 2018
1. Benefits (Ins & FICA)	\$7,340,259	\$7,414,350
2. Medical Specialist Fees	2,785,993	2,813,869
3. Utilities	1,749,163	1,750,639
4. Purchased Services (ex: dietary, EVS, sec, etc)	9,179,004	9,186,625
5. Repairs and Maintenance	2,207,823	2,296,988
6. Other (ex: Provider Tax and General ins)	7,231,530	7,212,412
7. All other (ex: adv, dues, edu, sales tax)	172,238	167,978
Total Other Expenses	\$30,666,010	\$30,842,861

12. Section C. (Economic Feasibility) Item 9

Your response to this item is noted. Please complete the following chart:

Payor Source	Gross Revenue Year 1	% of Total Gross Revenue Year 1
Medicare	201,766,019	26%
TennCare	147,444,398	19%
Managed care*	131,923,935	17%
Commercial	232,806,945	30%
Self-Pay	46,561,389	6%

Payor Source	Gross Revenue Year 1	% of Total Gross Revenue Year 1
Other	15,520,463	2%
Total	776,023,149	100%

**Refers to the Applicant's managed Medicare*

13. Section C. (Contribution to the Orderly Development) Item 3 (Staffing)

Please add to the chart clinical staffing for surgery and endoscopy.

Response: Please see Supplemental Attachment - R-45 adding surgery and endoscopy FTE's to the staffing chart.

14. Publisher's Affidavit

The publishers affidavit submitted indicates it was for a notice of intent published on September 10, 2015. Please submit documentation that the notice of intent for the proposed project was published between October 1, 2015 and October 10, 2015.

Response: Please see Supplemental Attachment - Proof of Publication for a copy of the publisher's affidavit documenting that the notice of intent for the proposed project was published on October 8, 2015.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is December 15, 2015. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency.

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Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Mark A. Farber
Deputy Director

Enclosure

MAF

SUPPLEMENTAL #1

October 23, 2015

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AFFIDAVIT

October 23, 2015

3:44 pm

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Wilson

Matt Caldwell, being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Tennessee Health Services and Development Agency and T.C.A. § 68-11-1601, *et seq.*, and that the responses to questions in this application or any other questions deemed appropriate by the Tennessee Health Services and Development Agency are true and complete.

M Caldwell CEO

Signature/Title

Sworn to and subscribed before me this the 23rd day of October, 2015, a Notary Public in and for the County of Wilson, State of Tennessee.

Joy Patty Henley

NOTARY PUBLIC

**My Commission Expires:
May 31, 2016**

My Commission expires _____.



HF-0056

Revised 7/02 - All forms prior to this date are obsolete

SUPPLEMENTAL #1

October 23, 2015

3:44 pm

**Supplemental Attachment ~ R-9
Section A, Applicant Profile, Item 1**

October 23, 2015**3:44 pm****1. Name of Facility, Agency, or Institution**University Medical Center
Name1411 Baddour Parkway
Street or RouteWilson
CountyLebanon
CityTN
State37087
Zip Code**2. Contact Person Available for Responses to Questions**Michael D. Brent
Name

Attorney

Title

Bradley Arant Boult Cummings LLP
Company Namembrent@babbc.com
Email Address1600 Division Street, Suite 700
Street or RouteNashville
CityTN
State37203
Zip CodeAttorney
Association with Owner615-252-2361
Phone Number615-252-6361
Fax Number**3. Owner of the Facility, Agency or Institution**Lebanon HMA, LLC
Name615-443-2500
Phone Number1411 Baddour Parkway
Street or RouteWilson
CountyLebanon
CityTN
State37087
Zip Code**4. Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporate (For Profit)

E. Corporation (Not-for-Profit)

F. Government (State of TN or
Political Subdivision)

G. Joint Venture

H. Limited Liability Company X

I. (Other) (Specify)

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER OF ALL ATTACHMENTS.**

SUPPLEMENTAL #1

October 23, 2015

3:44 pm

Supplemental Attachment – McFarland Specialty Hospital

McFarland Specialty Hospital/University Medical Center

Certificate of Need Application

**Consolidation and Renovations on Two Hundred-Forty-Five
(245) Bed Campus**

October 2015

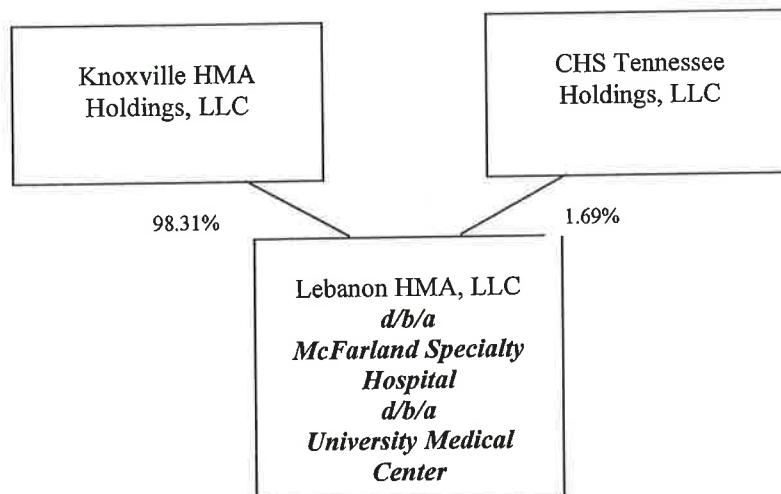
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13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organization (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes.** If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

Response to Section A, Item 3: Please See Attachment A.3.

Response to Section A, Item 4: McFarland Specialty Hospital is a satellite campus of University Medical Center (the "Applicant"). Both are operated by Lebanon HMA, LLC. The Applicant is a Medicaid and Medicare-certified acute care hospital located at 1411 Baddour Parkway, 3.1 miles from the Applicant's 500 Park Avenue, Lebanon, Tennessee satellite location. The ownership structure of the Applicant is as follows:



Response to Section A, Item 5: N/A

Response to Section A, Item 6: Please see Attachment A.6.

Response to Section A, Item 13: The Applicant currently has contracts with the following Managed Care and Behavioral Health Organizations:

- Aetna
- Amerigroup
- Blue Cross Blue Shield
- Beech Street
- Center Care
- Cigna
- First Health
- Health Smart
- HealthSpring

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Vanderbilt University Hospitals	Davidson	88	88	77	*	*	*
TrustPoint Hospital	Rutherford	59	59	41	*	*	*
Riverview Regional Medical Center South	Smith	10	10	7	*	*	*
Sumner Regional Medical Center	Sumner	8	12	8	*	*	*
McFarland Specialty Hospital	Wilson	49	49	19	49	49	18*
Totals:		676	682	485	49	49	18

*Information is not available at this time.

**As of August 31, 2015

Sources: 2014 Joint Annual Reports and Applicant's Internal Records

Adjusted for the number of existing staffed (rather than licensed) psychiatric beds, the total bed need in the Applicant's service area is -285 beds (total bed need of 391 minus 676 existing staffed beds). However, the Applicant is not requesting additional beds.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.

RESPONSE: The Applicant is the only provider of psychiatric inpatient services in Wilson County, which is a Medically Underserved Area. The Applicant's continued provision of these services will ensure that residents of its service area continue to have access to mental health services and also better contribute to the orderly development of healthcare in the service area.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

hospital and its service area will support this project.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

RESPONSE: The Applicant will accept involuntary admissions.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

RESPONSE: The Applicant will contract with all area TennCare MCO's that cover psychiatric services. Its projected payor mix for TennCare is 42.65% and 33.55% for Medicare.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization for similar services should be considered.

RESPONSE: As noted in the charts below, occupancy rates in the Applicant's service area have remained consistent or increased over the last five years.

Occupancy Rates in Applicant's Service Area

Facility	2010	2011	2012	2013	2014
Middle Tennessee Mental Health Institute	73%	84%	85%	85%	86%
Saint Thomas West Hospital	89%	91%	69%	61%	55%
TriStar Centennial Medical Center	59%	72%	63%	94%	68%
TriStar Skyline Madison Campus	48%	57%	55%	75%	52%
Vanderbilt University Hospitals	76%	83%	88%	85%	88%
TrustPoint Hospital (Opened 2013)	N/A	N/A	N/A	54%	69%
Riverview Regional Medical Center South (No psych beds before 2012)	N/A	N/A	70%	69%	72%
Sumner Regional Medical Center (No psych beds before 2012)	N/A	N/A	66%	57%	69%
McFarland Specialty Hospital	48%	77%	48%	40%	39%

Sources: Tennessee Joint Annual Reports 2010 through 2014

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TriStar Centennial Medical Center	130	2,923	3,903	3,252
TriStar Skyline Madison Campus	102	2,814	3,179	3,014
Vanderbilt University Hospitals	88	3,503	3,547	3,646
TrustPoint Hospital	50	N/A	1,173	1,861
Riverview Regional Medical Center South	10	198	172	200
Sumner Regional Medical Center	8	89	170	137
McFarland Specialty Hospital (Applicant)	49	944	864	858
Total	460	1,231	16,475	16,885

Sources: Applicant's internal records and 2012, 2013, and 2014 Joint Annual Reports

**Middle Tennessee Health Institute had 195 beds in 2012 and 2013 and had 207 beds in 2014 according to its JARS for those years.*

1. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Response : The utilization statistics for both psychiatric and rehabilitation services for 2013 through August 2015 are as follows:

2015 Inpatient Days Through August 2015		
Patient Type	Inpatient Days	Utilization Percentage
BCBS	292	5.2%
Tricare	49	0.87%
Commercial	7	0.12%
TennCare	2,396	42.65%
Medicare	1,885	33.55%
Self-Pay	5	0.09%
Other-HMO/PPO	984	17.53%
		100.0%
Occupancy-75 beds	21%	

2014 Inpatient Days		
Patient Type	Inpatient Days	Utilization Percentage
BCBS	428	4.73%
Tricare	108	1.19%
Commercial	71	0.78%
TennCare	3,383	37.36%

SUPPLEMENTAL #1

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Supplemental Attachment - Section C, Need, Item 4.A.

October 23, 2015

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DEMOGRAPHICS OF THE SERVICE AREA

	Total Population 2015	Total Population 2019	%Change	18-64 Population 2015	18-64 Population 2019	18-64 Population %Change	65+ Population 2015	65+ Population 2019	65+ Population %Change	TennCare Enrollees*	TennCare Enrollees as % of Total
Davidson	671,403	706,549	5.2%	438,220	448,645	2.4%	75,199	85,344	13.5%	145,479	21.7%
Macon	23,259	24,023	3.3%	13,871	14,041	1.2%	3,869	4,483	15.9%	6,820	29.3%
Rutherford	307,088	347,767	12.5%	199,380	221,215	11.0%	29,902	38,077	27.3%	47,267	15.3%
Smith	20,051	20,685	3.2%	12,189	12,315	1.0%	3,282	3,842	17.1%	4,230	21.1%
Sumner	175,794	187,398	6.6%	107,075	112,464	5.0%	26,289	31,432	19.6%	28,791	16.4%
Warren	40,721	41,304	1.4%	23,874	23,735	-0.6%	7,159	7,986	11.6%	11,067	27.2%
Wilson	126,659	136,217	7.5%	77,627	82,102	5.8%	18,910	23,241	22.9%	18,206	14.4%
Service Area Total	1,364,975	1,463,943	7.3%	872,236	914,517	4.8%	164,610	194,405	18.1%	261,860	19.2%
Tennessee	6,735,706	7,035,572	4.5%	4,123,622	4,211,701	2.1%	1,051,862	1,219,696	17.3%	1,447,657	21.5%

	Median Age	Median Household Income	Persons below Poverty Level	Persons below Poverty Level % of Total Population
Davidson	33.9	\$47,335	124,210	18.5%
Macon	38.7	\$35,306	4,930	21.2%
Rutherford	32.2	\$55,401	39,921	13.0%
Smith	39.9	\$42,383	3,890	19.4%
Sumner	38.6	\$55,509	18,283	10.4%
Warren	39.3	\$34,641	8,755	21.5%
Wilson	39.3	\$60,390	12,919	10.2%
Service Area Total	37.4	\$47,280	212,908	16.3%
Tennessee	38	\$44,298	1,185,484	17.6%

SUPPLEMENTAL #1

October 23, 2015

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Supplemental Attachment - Bed Complement Charts

October 23, 2015**3:44 pm****9. Bed Complement Data 1411 Baddour Parkway Campus*****Please indicate current and proposed distribution and certification of facility beds.***

	Current Beds Licensed *CON		Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	127		89	0	127**
B. Surgical					
C. Long-Term Care Hospital					
D. Obstetrical	14		14	0	14
E. ICU/CCU	12		12	0	12
F. Neonatal					
G. Pediatric	17		1	0	17
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)					
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2					
P. ICF/MR					
Q. Adult Chemical Dependency (Detox)					
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL	170	0	116	0	170

*CON-Beds approved but not yet in service

**Medical/Surgical Beds

SUPPLEMENTAL #1**October 23, 2015****3:44 pm****9. Bed Complement Data 500 Park Avenue Campus*****Please indicate current and proposed distribution and certification of facility beds.***

	Current Beds Licensed *CON		Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	<u>34</u>	_____	<u>16</u>	<u>0</u>	<u>34</u>
I. Geriatric Psychiatric	<u>15</u>	_____	<u>16</u>	<u>0</u>	<u>15</u>
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	<u>26</u>	_____	<u>10</u>	<u>0</u>	<u>26</u>
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2	_____	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency (Detox)	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
TOTAL	<u>75</u>	<u>0</u>	<u>42</u>	<u>0</u>	<u>75</u>

*CON-Beds approved but not yet in service

SUPPLEMENTAL #1

October 23, 2015

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**Supplemental Attachment - Replacement Square Footage
and Cost per Square Footage Chart**

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
015										
Progressive Care Unit	OC 1 st Flr.	9,577		NPT 3 rd Flr.	9,232		9,232			
Circulation	OC 1 st Flr.	2,920		NPT 3 rd Flr.	4,249		4,249			
Mech/Elec/Data	OC 1 st Flr.	384		NPT 3 rd Flr.	912		912			
Administration/Support	OC 1 st Flr.	5,157		NPT 3 rd Flr.	2,481		2,481			
Rehabilitation Unit	M.WW 2 nd Flr.	6,774		OC 1 st Flr.	2,980		2,980			
Circulation	M.WW 2 nd Flr.	3,324		OC 1 st Flr.	2,001	700	2,701			
Mech/Elec/Data	M.WW 2 nd Flr.	97		OC 1 st Flr.	512		512			
Administration/Support	M.WW 2 nd Flr.	3,376		OC 1 st Flr.	3,238		3,238			
Behavioral Health Unit	M.EW 2 nd Flr.	3,233		OC 1 st Flr.	2,405		2,405			
Circulation	M.EW 2 nd Flr.	1,600		OC 1 st Flr.	1,940		1,940			
Mech/Elec/Data	M.EW 2 nd Flr.	524		OC 1 st Flr.						
Administration/Support	M.EW 2 nd Flr.	2,537		OC 1 st Flr.	3,170		3,170			
Mood & Disorder Unit	M.EW 2 nd Flr.	4,266		OC 1 st Flr.	2,357		2,357			
Circulation	M.EW 2 nd Flr.	2,496		OC 1 st Flr.	1,923		1,923			
Mech/Elec/Data	M.EW 2 nd Flr.	2,326		OC 1 st Flr.	0		0			
Administration/Support	M.EW 2 nd Flr.	2,813		OC 1 st Flr.	3,498		3,498			
Surgery Unit	MB 1 st Flr.	6,891		OC 1 st Flr.	5,161		5,161			
Circulation	MB 1 st Flr.	1,716		OC 1 st Flr.	1,325		1,325			
Endoscopy Unit	OC Ground Flr.	1,591		OC Ground Flr.	3,991		3,991			
Circulation	OC Ground Flr.	385		OC Ground Flr.	1,631		1,631			
	NPT: North Patient Tower; OC: Outpatient Center; MB: Main Hospital Building; M.WW: McFarland West Wing; M.EW: McFarland East Wing			TOTALS	53,006	700	53,706			
B. Unit/Depart. GSF										
Sub-Total					38,513		38,513			
C. Mechanical/ Electrical GSF					1,424		1,424			
D. Circulation /Structure GSF					13,069	700	13,769			
E. Total GSF					53,006	700	53,706	\$247.52	\$232.90	\$247.33

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Supplemental Attachment - R-14

October 23, 2015**3:44 pm**

NOTE: **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

RESPONSE: The Applicant is operated by Lebanon HMA, LLC, a Tennessee limited liability company. This is an application for a Certificate of Need for renovations in the main hospital building's surgical department, renovation of a space formerly used as an outpatient surgery department into an endoscopy department, and the consolidation of the Applicant's campuses, University Medical Center and McFarland Specialty Hospital, by relocating rehabilitation and psychiatric beds currently housed at McFarland Specialty Hospital (the "Satellite Campus") at 500 Park Avenue, Lebanon, Tennessee to University Medical Center (the "Main Campus") at 1411 W. Baddour Parkway, approximately 3 miles away. University Medical Center is a general acute care hospital and is also operated by Lebanon HMA, LLC. Currently, McFarland Specialty Hospital is licensed for seventy-five (75) beds: forty-nine (49) psychiatric beds and twenty-six (26) rehabilitation beds and University Medical Center is licensed for one hundred seventy (170) beds, for a total of two hundred forty-five (245) licensed beds. The Applicant plans to renovate the first floor of the Outpatient Center on the Main Campus, reusing as many existing patient rooms as possible to house McFarland Specialty Hospital's rehabilitation and psychiatric beds. In conjunction with the relocation, two departments will relocate and one department will be renovated on the Main Campus.

Currently, the first floor of the Outpatient Center houses a Progressive Care Unit licensed for 58 beds (PCU), which will be relocated to the third floor of the North Patient Tower on the northern border of the Main Campus. That floor of the North Patient Tower is currently shell space, so it will be built-out to accommodate the PCU. The North

SUPPLEMENTAL #1

October 23, 2015

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Supplemental Attachment - R-40

October 23, 2015**3:44 pm**

1. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

- ☐ A Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F Other—Identify and document funding from all other sources.

Response: The cost of the project will be paid through cash reserves of the Applicant and its affiliates. Please see Attachment C. Economic Feasibility-2 for documentation of this fact.

2. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response: The project will be cost effective and consistent with the average costs for similar projects. The project's estimated construction cost is approximately \$247.33 per square foot, which is between the HSDA's published Median and 3rd Quartile cost per square foot. New construction cost is below the median of \$259.66 per square foot at \$232.90 per square foot. A chart of the hospital construction projects approved by the HSDA in 2012-2014 follows:

<u>Hospital Construction Costs Per Square Foot (2012-2014)</u>			
	Renovated Construction	New Construction	Total Construction
1 st Quartile	\$110.98/SF	\$224.09/SF	\$156.78/SF
Median	\$192.46/SF	\$259.66/SF	\$227.88/SF
3 rd Quartile	\$297.82/SF	\$296.52/SF	\$298.66/SF

SUPPLEMENTAL #1

October 23, 2015

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Supplemental Attachment - Revised Project Cost Chart
Section C. (Economic Feasibility) Item 1 (Project Cost Chart)

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase		
1.	Architectural and Engineering Fees	<u>\$941, 278</u>
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	<u>\$296, 062</u>
3.	Acquisition of Site	<u></u>
4.	Preparation of Site	<u>\$100,000</u>
5.	Construction Costs	<u>\$13,282,948</u>
6.	Contingency Fund	<u>\$1,574,108</u>
7.	Fixed Equipment (Not included in Construction Contract)	<u>\$4,019,277</u>
8.	Moveable Equipment (List all equipment over \$56,000)	<u></u>
9.	Other (Specify) <u>Non-medical Equipment</u>	<u>\$1,363,300</u>
10.	<u>Abatement</u>	<u>\$228,470</u>
B. Acquisition by gift, donation, or lease: Not Applicable.		
1.	Facility (inclusive of building and land)	<u></u>
2.	Building only	<u></u>
3.	Land only	<u></u>
4.	Equipment (Specify) <u></u>	<u></u>
5.	Other (Specify) <u></u>	<u></u>
C. Financing Costs and Fees: Not Applicable.		
1.	Interim Financing	<u></u>
2.	Underwriting Costs	<u></u>
3.	Reserve of One Year's Debt Service	<u></u>
4.	Other (specify) <u>Capital Interest (CIP account)</u>	<u>649,557</u>
D. Estimated Project Cost (A+B+C+)		
		<u>\$22,455,000</u>
E. CON Filing Fee		
		<u>\$45,000</u>
F. Total Estimated Project Cost (D+E)		
		<u>\$22,500,000</u>
TOTAL		<u>\$22,500,000</u>

SUPPLEMENTAL #1

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Supplemental Attachment – Revised Historical Data and Projected Data Charts

October 23, 2015**3:44 pm****HISTORICAL DATA CHART**

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January.

	Year 2012	Year 2013	Year 2014
	<u>36,287 PD</u>	<u>33,592 PD</u>	<u>32,314 PD</u>
A. Utilization Data (Specify unit of measure)			
B. Revenue from Services to Patients			
1. Inpatient Services	\$ <u>274,589,092</u>	\$ <u>265,405,751</u>	\$ <u>266,946,392</u>
2. Outpatient Services	<u>259,322,788</u>	<u>282,220,226</u>	<u>312,445,244</u>
3. Emergency Services	<u>100,840,356</u>	<u>102,571,952</u>	<u>108,021,087</u>
4. Other Operating Revenue	<u>1,752,932</u>	<u>152,2521</u>	<u>3,168,476</u>
(Specify) <u>EAH, rent, misc.</u>			
Gross Operating Revenue	\$ <u>636,505,168</u>	\$ <u>651,720,450</u>	\$ <u>690,581,199</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ <u>522,729,660</u>	\$ <u>542,789,215</u>	\$ <u>583,229,988</u>
2. Provision for Charity Care	<u>-12,747</u>	<u>-21,822</u>	<u>197,735</u>
3. Provisions for Bad Debt	<u>16,218,806</u>	<u>16,988,401</u>	<u>16,234,686</u>
Total Deductions	\$ <u>538,935,719</u>	\$ <u>559,755,794</u>	\$ <u>599,662,409</u>
NET OPERATING REVENUE	\$ <u>97,569,449</u>	\$ <u>91,964,656</u>	\$ <u>90,918,790</u>
D. Operating Expenses			
1. Salaries and Wages	\$ <u>29,862,779</u>	\$ <u>28,329,612</u>	\$ <u>27,779,587</u>
2. Physician's Salaries and Wages			
3. Supplies	<u>13,409,863</u>	<u>12,233,682</u>	<u>13,470,899</u>
4. Taxes	<u>950,361</u>	<u>625,932</u>	<u>791,160</u>
5. Depreciation	<u>5,426,665</u>	<u>5,708,607</u>	<u>5,468,476</u>
6. Rent	<u>1,682,873</u>	<u>1,207,726</u>	<u>1,071,970</u>
7. Interest, other than Capital	<u>60,872</u>	<u>55,490</u>	<u>64,438</u>
8. Management Fees:			
a. Fees to Affiliates	<u>4,575,491</u>	<u>4,212,994</u>	<u>5,112,020</u>
b. Fees to Non-Affiliates	<u>198,300</u>	<u>177,034</u>	<u>64,438</u>
9. Other Expenses (Specify) <u>Benes, CVS, Med fees, etc</u>	<u>30,742,633</u>	<u>30,091,130</u>	<u>32,638,683</u>
Total Operating Expenses	\$ <u>86,909,837</u>	\$ <u>82,642,207</u>	\$ <u>86,461,671</u>
E. Other Revenue (Expenses) – Net (Specify)	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ <u>10,659,612</u>	\$ <u>9,322,449</u>	\$ <u>4,457,119</u>
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	\$ _____	\$ _____	\$ _____
Total Capital Expenditures	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ <u>10,659,612</u>	\$ <u>9,322,449</u>	\$ <u>4,457,119</u>
LESS CAPITAL EXPENDITURES			

October 23, 2015**3:44 pm****PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

		Year <u>2017</u>	Year <u>2018</u>
A. Utilization Data (Specify unit of measure)		<u>38,049</u>	<u>38,486</u>
B. Revenue from Services to Patients			
1. Inpatient Services	\$	<u>314,319,360</u>	\$ <u>317,936,919</u>
2. Outpatient Services		<u>300,107,463</u>	<u>303,206,509</u>
3. Emergency Services		<u>161,596,326</u>	<u>163,265,043</u>
4. Other Operating Revenue: <u>Rent</u>		<u>537,145</u>	<u>545,202</u>
Gross Operating Revenue	\$	<u>776,560,294</u>	\$ <u>784,953,673</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$	<u>655,402,475</u>	\$ <u>662,469,065</u>
2. Provision for Charity Care			
3. Provisions for Bad Debt		<u>17,447,052</u>	<u>17,628,649</u>
Total Deductions	\$	<u>672,849,527</u>	\$ <u>68,009,7714</u>
NET OPERATING REVENUE	\$	<u>103,710,767</u>	\$ <u>104,855,959</u>
D. Operating Expenses			
1. Salaries and Wages	\$	<u>33,423,336</u>	\$ <u>33,763,108</u>
2. Physician's Salaries and Wages			
3. Supplies		<u>14,489,651</u>	<u>14,585,643</u>
4. Taxes		<u>850,000</u>	<u>850,000</u>
5. Depreciation		<u>6,519,523</u>	<u>6,519,523</u>
6. Rent		<u>1,763,778</u>	<u>1,774,361</u>
7. Interest, other than Capital		<u>75,000</u>	<u>80,000</u>
8. Management Fees:			
a. Fees to Affiliates		<u>2,074,215</u>	<u>2,097,119</u>
b. Fees to Non-Affiliates			
9. Other Expenses: <u>Benes, o/s service, pro fees, etc.</u>		<u>30,666,010</u>	<u>30,842,861</u>
Total Operating Expenses	\$	<u>89,861,513</u>	\$ <u>90,512,615</u>
E. Other Revenue (Expenses) -- Net (Specify)			
NET OPERATING INCOME (LOSS)	\$	<u>13,849,254</u>	\$ <u>14,343,344</u>
F. Capital Expenditures			
1. Retirement of Principal			
2. Interest			
Total Capital Expenditures	\$		\$
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$	<u>13,849,254</u>	\$ <u>14,343,344</u>

SUPPLEMENTAL #1

October 23, 2015

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Supplemental Attachment – R-45

October 23, 2015**3:44 pm**

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Response: The current and proposed staffing pattern the proposed project are as follows for the rehabilitation, psychiatric, PCU, surgery, and endoscopy patients:

Schedule of Current and Proposed FTEs

Position		Current	Proposed
107	Patient Care Tech	4.66	4.66
108	LPN	7.66	7.66
111	Patient Care Tech CNA/PRN	1.1	1.5
129	LPN IV	.58	.58
194	Clinical Assess Coordinator	.95	.95
201	Unit Clerk	.78	.78
505	Staff RN-PRN	4.15	4.15
506	RN Med/Surg.	26.84	28.84
511	Social Worker MSW	3.8	3.8
714	Director	.9	.9
774	Director of Rehab Services	.9	.9
991	Clinical Coordinator	2.38	2.38
Total FTEs		55	57.1

The Applicant does not anticipate that the project will result in any staffing changes.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

RESPONSE: As discussed above, the Applicant's current staffing pattern will remain largely unchanged, as it is adequate for its needs and the requirements of the Department of Health, Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

3. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission

SUPPLEMENTAL #1

October 23, 2015

3:44 pm

**Supplemental Attachment – Proof of Publication
Publisher's Affidavit**

LEBANON DEMOCRAT
PUBLICATION CERTIFICATE

This is to certify that the legal notice hereto attached was published in
The Lebanon Democrat, a daily newspaper published in the City of
 Lebanon, County of Wilson, State of Tennessee on the following dates:

Signed: Melanie Ray

10-8-2015

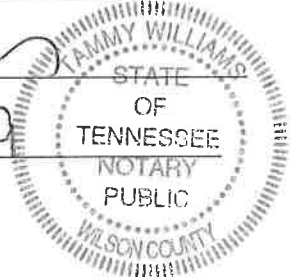
Subscribed and sworn to before me

on this

9 day of Oct

My Commission expires:

2-11-19



Cost of Publication

\$ 163.00

Proof of Publication

**NOTIFICATION OF INTENT TO APPLY
 FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Lebanon HMA, LLC a Tennessee limited liability company (d/b/a McFarland Specialty Hospital, d/b/a McFarland Hospital and d/b/a University Medical Center), intends to file an application for a Certificate of Need for the consolidation of all beds operated pursuant to its 245-bed hospital license to the main campus at 1411 Baddour Parkway, Lebanon, TN 37087, including the relocation of three units, a sixteen (16) bed behavioral health unit, a sixteen (16) bed mood disorder unit, and a ten (10) bed inpatient rehabilitation unit, to the main campus from their current satellite location at 500 Park Avenue, Lebanon, TN 37087 (both locations being in Wilson County, TN), and the renovation of other areas of the main campus buildings (including surgery and endoscopy). The estimated project cost is \$22,500,000.

The anticipated filing date of the application is on or before October 15, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babco.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
 Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, Tennessee 37243

(A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #2
-ORIGINAL-

**UNIVERSITY MEDICAL
CENTER**

CN1510-042



State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

SUPPLEMENTAL #2

October 28, 2015

2:20 pm

October 27, 2015

Michael D. Brent
Attorney
Bradley, Arant, Boult, Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203

RE: Certificate of Need Application CN1510-042
University Medical Center

Dear Mr. Brent:

This will acknowledge our October 23, 2016 receipt of supplemental information to your application for a Certificate of Need to consolidate all of its beds pursuant to its 245-bed hospital license to the main campus including the relocation of three units: 16 bed behavioral health unit, 16 bed mood disorder unit, 10 bed inpatient rehabilitation unit, and renovation of other areas of the main campus buildings including surgery and endoscopy.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 noon, Thursday, October 29, 2015. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A, Applicant Profile, Item 9

Your response to this item is noted. The 1411 Baddour Parkway Chart should reflect the addition of psychiatric and rehabilitation beds so that the total beds at completion is 245. The 500 Park Avenue Campus Chart should reflect that all 75 beds will be leaving the facility so that the total beds at completion should be 0.

Please make the necessary changes and submit revised bed charts..

Response: Please see Supplemental Attachment - Revised Bed Complement Charts containing the revised bed charts and correcting the categorization of the psychiatric beds to 49 adult psychiatric beds.

2. Section C, Need, Item 5

The applicant has stated several times in the application that there are no plans to relinquish beds. According to the historical and projected inpatient volumes for University Medical Center (UMC), UMC had a licensed occupancy of 35.9% in 2013, or an average daily census of 88. This would mean on average 157 beds

October 28, 2015

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are empty. By year 2018 the applicant is projecting approximately 20% increase in inpatient volumes even though inpatient volumes decreased approximately 15% between 2011 and 2013.

Please explain the following:

- Please discuss in detail the assumptions used to project a 20% increase in inpatient volumes
- Why it is not a superior alternative to delicense unused beds until such times as there is a trend of increased inpatient volumes and apply for a CON to add beds at that time.

Response: The historical inpatient volumes noted for UMC relate to time periods before the change of ownership of the hospital in 2014 (previously UMC was part of the system of hospitals owned and operated by Health Management Associates, Inc., which was acquired by and became an affiliate of Community Health Systems, Inc. ("CHS") in 2014). Since the acquisition, UMC's affiliation with CHS has produced many benefits for the hospital, which the Applicant believes will continue to create increased demand and census growth.

Attention to the needs of the community, ranging from addressing deferred maintenance items to an increase in physician recruitment, results in more local patients staying in Wilson County for their healthcare needs, instead of traveling outside the area. Specifically, two additional orthopedic surgeons have come on staff at UMC (one in 2015 and another arriving shortly, in 2016) as well as an additional GI specialist and two cardiologists, while conversations continue with other physicians interested in relocating to Lebanon. Such additions to the staff will increase the utilization of both the surgical and endoscopic areas, as well as the census of patients undergoing surgery and other procedures, and recovering from those procedures.

Additionally, UMC has increased its "stroke team," with added expertise and technology, including telemedicine systems which allow patients who present with stroke systems at the UMC emergency department to remain at UMC for any needed care, rather than being transferred to another facility.

Since 2014 UMC, has also established a Physician Outreach Program, which expands the regional market reach of the hospital in several ways, including the identification of new regional referral sources, which creates referral opportunities, and increased census, through those new relationships.

The items noted above, as well as more "observation patients" being admitted after observation, and the benefits of the enhancements and upgrades sought in this application, lead the Applicant to believe its assumptions, including the projected increase in inpatient volumes, are very reasonable. The alternative of delicensing beds at this time, and having to return to the Agency and re-apply for a CON to add those beds back to the facility, was not viewed by the Applicant as a viable alternative at this time.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application

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shall be deemed void." For this application the sixtieth (60th) day after written notification is December 15, 2015. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Mark A. Farber
Deputy Director

Enclosure

MAF

SUPPLEMENTAL #2

October 28, 2015

2:20 pm

Supplemental Attachment - Revised Bed Complement Charts

SUPPLEMENTAL #2**October 28, 2015****2:20 pm****9. Bed Complement Data 1411 Baddour Parkway Campus*****Please indicate current and proposed distribution and certification of facility beds.***

	Current Beds Licensed *CON		Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	<u>127</u>	<u> </u>	<u>89</u>	<u>0</u>	<u>127**</u>
B. Surgical	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
C. Long-Term Care Hospital	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
D. Obstetrical	<u>14</u>	<u> </u>	<u>14</u>	<u>0</u>	<u>14</u>
E. ICU/CCU	<u>12</u>	<u> </u>	<u>12</u>	<u>0</u>	<u>12</u>
F. Neonatal	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
G. Pediatric	<u>17</u>	<u> </u>	<u>1</u>	<u>0</u>	<u>17</u>
H. Adult Psychiatric	<u> </u>	<u> </u>	<u> </u>	<u>49</u>	<u>49</u>
I. Geriatric Psychiatric	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
J. Child/Adolescent Psychiatric	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
K. Rehabilitation	<u> </u>	<u> </u>	<u> </u>	<u>26</u>	<u>26</u>
L. Nursing Facility (non-Medicaid Certified)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
M. Nursing Facility Level 1 (Medicaid only)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
N. Nursing Facility Level 2 (Medicare only)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
O. Nursing Facility Level 2	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
P. ICF/MR	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Q. Adult Chemical Dependency (Detox)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
R. Child and Adolescent Chemical Dependency	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
S. Swing Beds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
T. Mental Health Residential Treatment	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
U. Residential Hospice	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>170</u>	<u>0</u>	<u>116</u>	<u>75</u>	<u>245</u>

*CON-Beds approved but not yet in service

**Medical/Surgical Beds

October 28, 2015**2:20 pm****9. Bed Complement Data 500 Park Avenue Campus*****Please indicate current and proposed distribution and certification of facility beds.***

	Current Beds Licensed *CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____
H. Adult Psychiatric	<u>49</u>	<u>32</u>	<u>-49</u>	<u>0</u>
I. Geriatric Psychiatric	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____
K. Rehabilitation	<u>26</u>	<u>10</u>	<u>-26</u>	<u>0</u>
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____
O. Nursing Facility Level 2	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____
Q. Adult Chemical Dependency (Detox)	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____
TOTAL	<u>75</u>	<u>42</u>	<u>-75</u>	<u>0</u>

*CON-Beds approved but not yet in service

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AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Wilson

NAME OF FACILITY: McFarland Specialty Hospital/University Medical Center

I, Matt Caldwell, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

M Caldwell CEO
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28th day of October, 2015, witness my hand at office in the County of Wilson, State of Tennessee.

Joy Patty Henley
NOTARY PUBLIC

My commission expires May 31, 2016

HF-0043

Revised 7/02

